

# Justice and Public Safety

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**Justice and Public Safety**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	604,549,900	843,860,900	887,049,700	632,538,700	661,765,800
Current Year Appropriation	28,893,700				
Continuing Appropriation	205,600				
Budget Reduction	-629,000				
Salary Compensation Fund	7,178,200	48,000	48,000		
Mandated Allotments	12,810,600				
<b>Total General Fund</b>	<b>653,009,000</b>	<b>843,908,900</b>	<b>887,097,700</b>	<b>632,538,700</b>	<b>661,765,800</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	1,923,400	2,195,100	2,195,100	1,923,400	1,923,400
Continuing Appropriation	271,700				
<b>Total Tobacco Settlement-Phase I</b>	<b>2,195,100</b>	<b>2,195,100</b>	<b>2,195,100</b>	<b>1,923,400</b>	<b>1,923,400</b>
<b>Restricted Funds</b>					
Balance Forward	8,217,400	6,958,921	5,773,698	5,127,300	3,825,900
Current Receipts	44,381,800	41,409,000	41,808,000	44,344,000	44,492,500
Non-Revenue Receipts	68,282,400	77,926,100	81,011,800	71,013,600	73,150,000
Fund Transfers	-2,367,400				
<b>Total Restricted Funds</b>	<b>118,514,200</b>	<b>126,294,021</b>	<b>128,593,498</b>	<b>120,484,900</b>	<b>121,468,400</b>
<b>Federal Funds</b>					
Balance Forward	3,201,200	4,931,245	7,982,700	5,085,600	8,051,800
Current Receipts	46,288,300	50,485,955	50,466,800	46,111,700	45,998,000
Non-Revenue Receipts		71,100	76,600		
<b>Total Federal Funds</b>	<b>49,489,500</b>	<b>55,488,300</b>	<b>58,526,100</b>	<b>51,197,300</b>	<b>54,049,800</b>
<b>Road Fund</b>					
Regular Appropriation	63,881,500	73,399,400	76,297,500	63,881,500	63,881,500
<b>Total Road Fund</b>	<b>63,881,500</b>	<b>73,399,400</b>	<b>76,297,500</b>	<b>63,881,500</b>	<b>63,881,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>887,089,300</b>	<b>1,101,285,721</b>	<b>1,152,709,898</b>	<b>870,025,800</b>	<b>903,088,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	489,355,300	687,485,700	730,806,100	492,651,500	506,586,700
Operating Expenses	104,757,900	126,303,900	121,384,200	100,253,100	99,200,500
Grants, Loans or Benefits	271,598,700	260,979,200	275,773,300	259,251,000	276,612,400
Debt Service	3,373,800	3,376,400	3,378,100	3,376,400	5,402,100
Capital Outlay	7,490,700	15,369,400	10,633,800	2,616,100	2,552,100
Construction	300,000				
<b>TOTAL EXPENDITURES</b>	<b>876,876,400</b>	<b>1,093,514,600</b>	<b>1,141,975,500</b>	<b>858,148,100</b>	<b>890,353,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	653,009,000	843,908,900	887,097,700	632,538,700	661,765,800
Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds	113,386,900	124,720,323	127,153,400	116,659,000	119,788,000
Federal Funds	44,403,900	49,288,900	49,104,800	43,145,500	42,995,100
Road Fund	63,881,500	73,399,400	76,297,500	63,881,500	63,881,500
<b>TOTAL EXPENDITURES</b>	<b>876,876,400</b>	<b>1,093,512,623</b>	<b>1,141,848,500</b>	<b>858,148,100</b>	<b>890,353,800</b>
<b>EXPENDITURES BY UNIT</b>					
Justice Administration	31,057,100	33,734,600	34,502,800	28,470,200	28,623,100
Criminal Justice Training	48,686,800	59,846,500	61,780,600	52,471,800	54,488,600
Juvenile Justice	115,165,100	143,676,300	151,084,800	111,859,400	113,150,200
State Police	160,220,100	247,534,100	250,377,800	150,293,200	153,697,700
Corrections	459,861,500	509,500,300	538,783,500	454,614,100	478,657,400
Vehicle Enforcement	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
Public Advocacy	40,370,300	67,698,123	70,692,100	39,025,300	40,339,500

**TOTAL EXPENDITURES**

876,876,400	1,093,512,623	1,141,848,500	858,148,100	890,353,800
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The Kentucky Justice Cabinet was created in 1974 pursuant to KRS 15A.010. On March 23, 2007, Senate Bill 144 amended KRS 15A.020 (effective June 26, 2007) to allow the Justice Cabinet to be renamed to the Justice & Public Safety Cabinet, created the Office of Drug Control Policy within the cabinet, delineated the independent aspects of the Department of Public Advocacy's operation with the Cabinet, and transferred the Division of Motor Vehicle Enforcement from the Transportation Cabinet to a new department within Justice named Kentucky Vehicle Enforcement.

The Cabinet is comprised of seven departments:

- Department of Justice Administration
- Department of Kentucky Vehicle Enforcement
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

**Justice and Public Safety  
Justice Administration**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,946,400	17,326,700	18,131,200	12,546,800	12,684,200
Budget Reduction	-140,500				
Salary Compensation Fund	96,600				
<b>Total General Fund</b>	<b>13,902,500</b>	<b>17,326,700</b>	<b>18,131,200</b>	<b>12,546,800</b>	<b>12,684,200</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	1,923,400	2,195,100	2,195,100	1,923,400	1,923,400
Continuing Appropriation	271,700				
<b>Total Tobacco Settlement-Phase I</b>	<b>2,195,100</b>	<b>2,195,100</b>	<b>2,195,100</b>	<b>1,923,400</b>	<b>1,923,400</b>
<b>Restricted Funds</b>					
Balance Forward	2,461,600	843,500	151,100	565,000	272,300
Current Receipts	1,054,700	1,072,300	1,072,300	1,379,400	1,466,100
Non-Revenue Receipts	3,195,400	3,387,900	3,411,300	3,328,700	3,336,200
Fund Transfers	-329,900				
<b>Total Restricted Funds</b>	<b>6,381,800</b>	<b>5,303,700</b>	<b>4,634,700</b>	<b>5,273,100</b>	<b>5,074,600</b>
<b>Federal Funds</b>					
Balance Forward	1,964,600	4,494,600	7,982,700	4,494,600	7,973,500
Current Receipts	11,672,700	12,548,300	12,159,900	12,478,100	12,089,700
<b>Total Federal Funds</b>	<b>13,637,300</b>	<b>17,042,900</b>	<b>20,142,600</b>	<b>16,972,700</b>	<b>20,063,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>36,116,700</b>	<b>41,868,400</b>	<b>45,103,600</b>	<b>36,716,000</b>	<b>39,745,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,267,600	17,850,600	18,676,700	14,769,100	14,926,700
Operating Expenses	2,508,700	2,148,600	2,148,800	1,683,200	1,683,500
Grants, Loans or Benefits	12,249,600	13,486,800	13,486,800	11,866,800	11,866,800
Capital Outlay	31,200	248,600	190,500	151,100	146,100
<b>TOTAL EXPENDITURES</b>	<b>31,057,100</b>	<b>33,734,600</b>	<b>34,502,800</b>	<b>28,470,200</b>	<b>28,623,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,902,500	17,326,700	18,131,200	12,546,800	12,684,200
Tobacco Settlement-Phase I	2,195,100	2,195,100	2,195,100	1,923,400	1,923,400
Restricted Funds	5,816,800	5,152,600	5,116,300	5,000,800	5,007,000
Federal Funds	9,142,700	9,060,200	9,060,200	8,999,200	9,008,500
<b>TOTAL EXPENDITURES</b>	<b>31,057,100</b>	<b>33,734,600</b>	<b>34,502,800</b>	<b>28,470,200</b>	<b>28,623,100</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	5,385,100	6,637,000	6,942,100	4,836,800	4,946,600
Office of Drug Control Policy	8,652,400	8,792,400	8,794,500	6,698,600	6,672,100
Medical Examiner Program	4,120,400	4,843,000	5,066,300	4,093,400	4,037,100
Parole Board	1,842,400	2,283,800	2,449,300	1,914,400	2,018,300
Grants	9,731,200	9,988,500	10,037,300	9,796,300	9,810,800
Criminal Justice Council	273,600	337,900	361,300	278,700	286,200
Motorcycle Training Program	1,052,000	852,000	852,000	852,000	852,000
<b>TOTAL EXPENDITURES</b>	<b>31,057,100</b>	<b>33,734,600</b>	<b>34,502,800</b>	<b>28,470,200</b>	<b>28,623,100</b>

The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Investigations, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board. The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches.

The Office of the Secretary includes the Secretary, Deputy Secretary, Office of Investigations, Office of Legal Services, and Office of Management and Administrative Services for the Justice and Public Safety Cabinet. The Office of the Secretary is responsible for the administration of the Cabinet, provision of legal services, development of legislation, regulation, policy, and coordination of activities within and among the Cabinet departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Cabinet, such as the Justice Assistance Grants (JAG) program, the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA) programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council. The Council carries out criminal justice planning for the Executive, Legislative, and Judicial Branches of government.

The Office of Drug Control Policy, established in July of 2004, is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

The Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The seven-member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Office of the Kentucky State Medical Examiner, in accordance with KRS 72.210-275, provides forensic specialists who assist the county coroners' offices (120 counties) and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, a forensic anthropologist, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

## **Policy**

The Executive Budget includes \$1,800,000 in Restricted Funds in each fiscal year for regional drug courts in Kentucky's coal producing counties.

The Executive Budget includes Restricted Funds of \$1,250,000 in both years of the biennium for Operation UNITE.

**Justice and Public Safety  
Criminal Justice Training**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	711,100	831,400			
Current Receipts	467,700	495,300	505,700	467,700	467,700
Non-Revenue Receipts	47,566,000	56,491,000	59,212,800	50,046,700	52,058,000
Fund Transfers	-2,000,000				
<b>Total Restricted Funds</b>	<b>46,744,800</b>	<b>57,817,700</b>	<b>59,718,500</b>	<b>50,514,400</b>	<b>52,525,700</b>
<b>Federal Funds</b>					
Current Receipts	1,942,000	1,957,700	1,985,500	1,957,400	1,962,900
Non-Revenue Receipts		71,100	76,600		
<b>Total Federal Funds</b>	<b>1,942,000</b>	<b>2,028,800</b>	<b>2,062,100</b>	<b>1,957,400</b>	<b>1,962,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>48,686,800</b>	<b>59,846,500</b>	<b>61,780,600</b>	<b>52,471,800</b>	<b>54,488,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,969,600	21,694,800	22,797,000	17,536,700	17,785,700
Operating Expenses	2,668,300	2,812,100	2,732,700	2,649,800	2,649,800
Grants, Loans or Benefits	25,135,800	31,632,900	32,723,500	28,919,600	30,685,700
Debt Service	3,333,100	3,335,700	3,337,400	3,335,700	3,337,400
Capital Outlay	280,000	371,000	190,000	30,000	30,000
Construction	300,000				
<b>TOTAL EXPENDITURES</b>	<b>48,686,800</b>	<b>59,846,500</b>	<b>61,780,600</b>	<b>52,471,800</b>	<b>54,488,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	46,744,800	57,817,700	59,718,500	50,514,400	52,525,700
Federal Funds	1,942,000	2,028,800	2,062,100	1,957,400	1,962,900
<b>TOTAL EXPENDITURES</b>	<b>48,686,800</b>	<b>59,846,500</b>	<b>61,780,600</b>	<b>52,471,800</b>	<b>54,488,600</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Law Enforcement Program Fund	45,670,000	56,643,100	58,507,600	49,436,400	51,440,100
Peace Officer Professional Standards	610,300	682,500	708,400	613,500	621,100
Special Training Programs	2,406,500	2,520,900	2,564,600	2,421,900	2,427,400
<b>TOTAL EXPENDITURES</b>	<b>48,686,800</b>	<b>59,846,500</b>	<b>61,780,600</b>	<b>52,471,800</b>	<b>54,488,600</b>

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, child sexual abuse, domestic violence, bias-related crimes, legal and constitutional law, police tactical training, professional development, executive and staff training, leadership development, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs with the Peace Officers Professional Standards office. The KLEFPF agency resources are derived from insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-

service training for approximately 12,000 students each year.

**Policy**

The enacted budget provides funding for approximately 7,605 training incentive stipend recipients in fiscal year 2008 and a two percent growth in recipients in the 2008-2010 biennium.

**Justice and Public Safety**

**Juvenile Justice**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	85,724,900	115,214,100	122,622,600	82,283,600	82,503,800
Salary Compensation Fund	1,216,300				
<b>Total General Fund</b>	<b>86,941,200</b>	<b>115,214,100</b>	<b>122,622,600</b>	<b>82,283,600</b>	<b>82,503,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,798,100	2,796,098	2,949,898	2,835,800	1,952,100
Current Receipts	3,058,000	3,058,000	3,058,000	3,058,000	3,058,000
Non-Revenue Receipts	11,938,000	11,938,000	11,938,000	11,938,000	11,938,000
<b>Total Restricted Funds</b>	<b>16,794,100</b>	<b>17,792,098</b>	<b>17,945,898</b>	<b>17,831,800</b>	<b>16,948,100</b>
<b>Federal Funds</b>					
Balance Forward	1,236,600	436,645		591,000	78,300
Current Receipts	13,620,000	13,183,355	13,620,000	13,183,400	13,620,000
<b>Total Federal Funds</b>	<b>14,856,600</b>	<b>13,620,000</b>	<b>13,620,000</b>	<b>13,774,400</b>	<b>13,698,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>118,591,900</b>	<b>146,626,198</b>	<b>154,188,498</b>	<b>113,889,800</b>	<b>113,150,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	76,240,300	101,119,000	108,465,300	79,995,300	81,368,300
Operating Expenses	12,778,900	14,470,300	14,449,600	10,932,800	10,802,600
Grants, Loans or Benefits	26,145,900	28,087,000	28,169,900	20,931,300	20,979,300
<b>TOTAL EXPENDITURES</b>	<b>115,165,100</b>	<b>143,676,300</b>	<b>151,084,800</b>	<b>111,859,400</b>	<b>113,150,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	86,941,200	115,214,100	122,622,600	82,283,600	82,503,800
Restricted Funds	13,958,300	14,842,200	14,842,200	15,879,700	16,948,100
Federal Funds	14,265,600	13,620,000	13,620,000	13,696,100	13,698,300
<b>TOTAL EXPENDITURES</b>	<b>115,165,100</b>	<b>143,676,300</b>	<b>151,084,800</b>	<b>111,859,400</b>	<b>113,150,200</b>
<b>EXPENDITURES BY UNIT</b>					
Program Management	1,119,300	1,432,500	1,526,300	1,070,500	1,096,600
Program Operations	106,038,800	132,458,500	138,749,500	102,174,200	103,438,900
Support Services	8,007,000	9,785,300	10,809,000	8,614,700	8,614,700
<b>TOTAL EXPENDITURES</b>	<b>115,165,100</b>	<b>143,676,300</b>	<b>151,084,800</b>	<b>111,859,400</b>	<b>113,150,200</b>

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into five separate regions.

Day Treatment Services is comprised of six state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 26 centers is 919 youths.

<b>Group Home Facilities</b>	<b>County</b>	<b>Beds</b>
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	10
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 82

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 82 youths.

<b>Residential Facilities</b>	<b>City</b>	<b>County</b>	<b>Beds</b>
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	70
Mayfield Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Bluegrass Assessment Center	Lexington	Fayette	36
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 512

The 12 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 12 facilities is 512 youths.

<b>State-operated Detention Centers</b>	<b>County</b>	<b>Beds</b>
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	30
Warren Regional Juvenile Detention Center	Warren	48
Laurel Regional Juvenile Detention Center (currently closed)	Laurel	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	48

Detention Beds = 354

(This number does not include Laurel RJDC)

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. The Laurel Detention Center is currently closed. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 130-150 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 3,000 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

**Justice and Public Safety**

**State Police**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	80,305,900	171,080,800	173,898,200	74,591,800	77,926,400
Current Year Appropriation	2,583,400				
Salary Compensation Fund	696,000				
<b>Total General Fund</b>	<b>83,585,300</b>	<b>171,080,800</b>	<b>173,898,200</b>	<b>74,591,800</b>	<b>77,926,400</b>
<b>Restricted Funds</b>					
Balance Forward	2,207,900	1,937,100	2,036,000	1,213,900	1,213,900
Current Receipts	12,416,800	13,621,400	13,649,600	12,425,300	12,473,600
Non-Revenue Receipts	4,567,300	4,261,000	4,261,000	4,606,300	4,606,300
<b>Total Restricted Funds</b>	<b>19,192,000</b>	<b>19,819,500</b>	<b>19,946,600</b>	<b>18,245,500</b>	<b>18,293,800</b>
<b>Federal Funds</b>					
Current Receipts	8,656,700	8,669,800	8,691,400	8,669,800	8,691,400
<b>Total Federal Funds</b>	<b>8,656,700</b>	<b>8,669,800</b>	<b>8,691,400</b>	<b>8,669,800</b>	<b>8,691,400</b>
<b>Road Fund</b>					
Regular Appropriation	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
<b>Total Road Fund</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>161,434,000</b>	<b>249,570,100</b>	<b>252,536,200</b>	<b>151,507,100</b>	<b>154,911,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	122,463,400	195,388,800	206,572,900	118,993,400	123,107,600
Operating Expenses	31,222,800	38,060,600	34,117,700	29,169,900	28,480,200
Grants, Loans or Benefits	462,900	987,900	987,900	462,900	462,900
Capital Outlay	6,071,000	13,096,800	8,699,300	1,667,000	1,647,000
<b>TOTAL EXPENDITURES</b>	<b>160,220,100</b>	<b>247,534,100</b>	<b>250,377,800</b>	<b>150,293,200</b>	<b>153,697,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	83,585,300	171,080,800	173,898,200	74,591,800	77,926,400
Restricted Funds	17,978,100	17,783,500	17,788,200	17,031,600	17,079,900
Federal Funds	8,656,700	8,669,800	8,691,400	8,669,800	8,691,400
Road Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
<b>TOTAL EXPENDITURES</b>	<b>160,220,100</b>	<b>247,534,100</b>	<b>250,377,800</b>	<b>150,293,200</b>	<b>153,697,700</b>
<b>EXPENDITURES BY UNIT</b>					
Administration	27,000,200	44,625,300	42,474,600	23,455,100	23,908,700
Technical Services	32,616,200	43,595,300	42,947,100	30,554,300	30,776,200
Operations	100,603,700	159,313,500	164,956,100	96,283,800	99,012,800
<b>TOTAL EXPENDITURES</b>	<b>160,220,100</b>	<b>247,534,100</b>	<b>250,377,800</b>	<b>150,293,200</b>	<b>153,697,700</b>

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of three divisions: Administrative, Operations, and Technical Services.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll,

employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to other departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is supported by the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

## **Policy**

The Governor's recommended budget provides Road Fund resources of \$50,000,000 in fiscal year 2009 and \$50,000,000 in fiscal year 2010 for State Police highway enforcement activities.

The Governor's recommended budget includes Restricted Funds of \$4,606,300 in fiscal year 2009 and fiscal year 2010 for a \$3,100 training incentive stipend for state troopers, hazardous devices investigators, legislative security specialists, and Kentucky State Police dispatchers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Governor's recommended budget provides additional General Fund resources of \$1,646,700 in fiscal year 2008, \$1,760,000 in fiscal year 2009, and \$1,936,000 in fiscal year 2010 to accommodate the increased costs of motor fuel.

**Justice and Public Safety**

**Corrections**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	392,686,300	478,627,100	507,666,700	430,176,400	454,273,000
Current Year Appropriation	24,310,300				
Continuing Appropriation	205,600				
Budget Reduction	-487,100				
Salary Compensation Fund	4,841,500				
Mandated Allotments	12,810,600				
<b>Total General Fund</b>	<b>434,367,200</b>	<b>478,627,100</b>	<b>507,666,700</b>	<b>430,176,400</b>	<b>454,273,000</b>
<b>Restricted Funds</b>					
Balance Forward	289,600				
Current Receipts	22,858,300	22,817,400	23,161,000	22,469,000	22,465,700
<b>Total Restricted Funds</b>	<b>23,147,900</b>	<b>22,817,400</b>	<b>23,161,000</b>	<b>22,469,000</b>	<b>22,465,700</b>
<b>Federal Funds</b>					
Current Receipts	2,346,400	8,055,800	7,955,800	1,968,700	1,918,700
<b>Total Federal Funds</b>	<b>2,346,400</b>	<b>8,055,800</b>	<b>7,955,800</b>	<b>1,968,700</b>	<b>1,918,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>459,861,500</b>	<b>509,500,300</b>	<b>538,783,500</b>	<b>454,614,100</b>	<b>478,657,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	212,902,600	278,008,800	294,618,700	218,706,300	225,027,700
Operating Expenses	45,842,500	51,229,800	50,321,500	45,760,300	45,949,900
Grants, Loans or Benefits	200,868,100	180,020,400	193,641,000	189,906,200	205,453,500
Debt Service	40,700	40,700	40,700	40,700	2,064,700
Capital Outlay	207,600	200,600	161,600	200,600	161,600
<b>TOTAL EXPENDITURES</b>	<b>459,861,500</b>	<b>509,500,300</b>	<b>538,783,500</b>	<b>454,614,100</b>	<b>478,657,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	434,367,200	478,627,100	507,666,700	430,176,400	454,273,000
Restricted Funds	23,147,900	22,817,400	23,161,000	22,469,000	22,465,700
Federal Funds	2,346,400	8,055,800	7,955,800	1,968,700	1,918,700
<b>TOTAL EXPENDITURES</b>	<b>459,861,500</b>	<b>509,500,300</b>	<b>538,783,500</b>	<b>454,614,100</b>	<b>478,657,400</b>
<b>EXPENDITURES BY UNIT</b>					
Corrections Management	7,471,800	13,974,200	14,606,500	6,604,000	8,778,000
Adult Correctional Institutions	285,532,900	326,614,000	346,656,100	285,528,500	301,617,600
Community Services and Local Facilities	150,902,200	152,676,000	161,284,800	148,441,600	154,221,800
Local Jail Support	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>TOTAL EXPENDITURES</b>	<b>459,861,500</b>	<b>509,500,300</b>	<b>538,783,500</b>	<b>454,614,100</b>	<b>478,657,400</b>

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Governor's recommended budget for the Department of Corrections incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

**2008-2010 Prison and Community Beds**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Jails	7,414	7,752	7,912
Halfway Houses	1,176	1,315	1,515
Electronic Monitoring	300	400	400
Private Prisons	1,602	1,700	2,000
Adult Institutions	12,126	12,126	12,126
<b>TOTAL*</b>	<b>22,618</b>	<b>23,293</b>	<b>23,953</b>
*The above total includes 372 beds for probationers and parolees.			

**Justice and Public Safety  
Corrections  
Corrections Management**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,119,700	12,747,900	13,380,200	6,468,900	8,642,900
Salary Compensation Fund	86,000				
<b>Total General Fund</b>	<b>7,205,700</b>	<b>12,747,900</b>	<b>13,380,200</b>	<b>6,468,900</b>	<b>8,642,900</b>
<b>Restricted Funds</b>					
Current Receipts	128,800	135,100	135,100	135,100	135,100
<b>Total Restricted Funds</b>	<b>128,800</b>	<b>135,100</b>	<b>135,100</b>	<b>135,100</b>	<b>135,100</b>
<b>Federal Funds</b>					
Current Receipts	137,300	1,091,200	1,091,200		
<b>Total Federal Funds</b>	<b>137,300</b>	<b>1,091,200</b>	<b>1,091,200</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,471,800</b>	<b>13,974,200</b>	<b>14,606,500</b>	<b>6,604,000</b>	<b>8,778,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,878,500	10,703,400	11,331,700	5,207,200	5,368,900
Operating Expenses	1,593,300	3,270,800	3,274,800	1,396,800	1,385,100
Debt Service					2,024,000
<b>TOTAL EXPENDITURES</b>	<b>7,471,800</b>	<b>13,974,200</b>	<b>14,606,500</b>	<b>6,604,000</b>	<b>8,778,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,205,700	12,747,900	13,380,200	6,468,900	8,642,900
Restricted Funds	128,800	135,100	135,100	135,100	135,100
Federal Funds	137,300	1,091,200	1,091,200		
<b>TOTAL EXPENDITURES</b>	<b>7,471,800</b>	<b>13,974,200</b>	<b>14,606,500</b>	<b>6,604,000</b>	<b>8,778,000</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	2,908,100	6,198,200	6,479,700	2,096,000	2,117,700
Corrections Training	1,653,500	3,024,700	3,139,100	1,654,100	1,699,700
Administrative Services	1,712,500	3,178,400	3,309,100	1,605,700	3,675,200
Division of Personnel	1,197,700	1,572,900	1,678,600	1,248,200	1,285,400
<b>TOTAL EXPENDITURES</b>	<b>7,471,800</b>	<b>13,974,200</b>	<b>14,606,500</b>	<b>6,604,000</b>	<b>8,778,000</b>

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, Debt Service, and Division of Correctional Industries.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information Technology and Offender Records Branch as well as the Victim Notification/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility for administering the contracts for the Commonwealth's privately operated correctional facilities. These private facilities include three contracted adult institutions (authorized and governed by KRS 197.500-525) - the Lee Adjustment Center, a 390-bed medium security institution located near Beattyville, the Marion Adjustment Center, an 826-bed minimum security institution located at St. Mary's, and the Otter Creek Correctional Complex, a 476-bed female facility located near Wheelwright. This branch also oversees contracts with 19 halfway houses located across the state which provide housing for approximately 1,207 community custody inmates and parolees.

### **Policy**

The Governor's recommended budget provides debt service in the amount of \$2,024,000 in fiscal year 2010 for Phase II of the Little Sandy Correctional Complex in Elliott County. This project will expand the capacity by 816 beds.

**Justice and Public Safety  
Corrections  
Adult Correctional Institutions**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	239,190,200	299,216,100	318,964,600	264,090,700	280,179,800
Current Year Appropriation	19,276,500				
Salary Compensation Fund	4,012,400				
<b>Total General Fund</b>	<b>262,479,100</b>	<b>299,216,100</b>	<b>318,964,600</b>	<b>264,090,700</b>	<b>280,179,800</b>
<b>Restricted Funds</b>					
Balance Forward	282,000				
Current Receipts	20,868,100	20,813,300	21,156,900	19,534,100	19,534,100
<b>Total Restricted Funds</b>	<b>21,150,100</b>	<b>20,813,300</b>	<b>21,156,900</b>	<b>19,534,100</b>	<b>19,534,100</b>
<b>Federal Funds</b>					
Current Receipts	1,903,700	6,584,600	6,534,600	1,903,700	1,903,700
<b>Total Federal Funds</b>	<b>1,903,700</b>	<b>6,584,600</b>	<b>6,534,600</b>	<b>1,903,700</b>	<b>1,903,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>285,532,900</b>	<b>326,614,000</b>	<b>346,656,100</b>	<b>285,528,500</b>	<b>301,617,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	174,308,400	222,746,700	235,909,000	180,014,900	185,176,400
Operating Expenses	39,922,900	41,143,200	41,276,100	40,014,200	40,265,200
Grants, Loans or Benefits	71,053,300	62,521,800	69,268,700	65,297,100	75,973,700
Debt Service	40,700	40,700	40,700	40,700	40,700
Capital Outlay	207,600	161,600	161,600	161,600	161,600
<b>TOTAL EXPENDITURES</b>	<b>285,532,900</b>	<b>326,614,000</b>	<b>346,656,100</b>	<b>285,528,500</b>	<b>301,617,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	262,479,100	299,216,100	318,964,600	264,090,700	280,179,800
Restricted Funds	21,150,100	20,813,300	21,156,900	19,534,100	19,534,100
Federal Funds	1,903,700	6,584,600	6,534,600	1,903,700	1,903,700
<b>TOTAL EXPENDITURES</b>	<b>285,532,900</b>	<b>326,614,000</b>	<b>346,656,100</b>	<b>285,528,500</b>	<b>301,617,600</b>
<b>EXPENDITURES BY UNIT</b>					
Institutions Operations	2,564,400	3,085,600	3,266,400	2,248,000	2,248,000
Medical Services	48,733,800	45,560,400	47,459,000	50,716,400	55,755,000
Education	2,499,100	4,963,700	4,969,400	958,400	958,400
Correctional Industries	15,714,900	16,809,700	17,247,900	15,298,900	15,298,900
Correctional Facilities	178,521,000	218,025,800	229,131,200	179,307,000	184,347,800
Mental Health	9,902,800	15,646,100	16,355,400	10,175,600	10,444,200
Private Prisons	27,596,900	22,522,700	28,226,800	26,824,200	32,565,300
<b>TOTAL EXPENDITURES</b>	<b>285,532,900</b>	<b>326,614,000</b>	<b>346,656,100</b>	<b>285,528,500</b>	<b>301,617,600</b>

Adult Correctional Institutions is comprised of 13 state correctional facilities and three privately contracted facilities for adult felon offenders. Five additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education programs, Inmate Medical Services, and the Division of Correctional Facilities.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of

dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of four units: alcohol and other substance abuse treatment programs, sex offender treatment programs (which are governed by KRS 197.400-440), the Sex Offender Risk Assessment Unit, and psychiatric and psychological out patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with House Bill 191.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-three separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

## **Correctional Institutions**

**Kentucky State Reformatory (KSR)** is a medium security institution with an operational capacity of 2,000 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

**Kentucky State Penitentiary (KSP)** is a maximum security institution with an operational capacity of 904 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

**Blackburn Correctional Complex (BCC)** is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

**Bell County Forestry Camp (BCFC)** is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

**Kentucky Correctional Institution for Women (KCIW)**, the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 717 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

**Frankfort Career Development Center (FCDC)** is a minimum security institution with an operational capacity of 205 inmates located in Frankfort in Franklin County. The institution primarily provides inmate labor to state government agencies in Frankfort at approximately 30 governmental work locations.

**Eastern Kentucky Correctional Complex (EKCC)** is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

**Western Kentucky Correctional Complex (WKCC)** is a medium security institution with an operational capacity of 670 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

**Roederer Correctional Complex (RCC)** is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification

Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

**Luther Lockett Correctional Complex (LLCC)** is a medium security institution with an operational capacity of 1,102 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

**Green River Correctional Complex (GRCC)** is a medium security institution with an operational capacity of 943 inmates located near Central City in Muhlenberg County.

**Northpoint Training Center (NTC)** is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

**Little Sandy Correctional Complex (LSCC)** is the state's newest correctional institution. The new institution, which opened in June 2005, is located near Sandy Hook in Elliott County and has an operational capacity of 1,022 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

## **Policy**

The Governor's recommended budget provides \$19,276,500 in fiscal year 2008 to accommodate fiscal year 2007 old year bills associated with inmate medical costs, higher utility expenses, and a higher inmate population.

The Governor's recommended budget provides General Fund resources in the amount of \$50,701,400 in fiscal year 2009 and a total of \$55,740,000 in fiscal year 2010 for inmate medical care costs.

The Governor's recommended budget provides General Fund for approximately 150 new private prison beds in fiscal year 2009 and an additional 300 in fiscal year 2010.

**Justice and Public Safety**  
**Corrections**  
**Community Services and Local Facilities**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	130,140,300	150,427,000	159,085,800	145,576,800	151,410,300
Current Year Appropriation	5,033,800				
Salary Compensation Fund	743,100				
Mandated Allotments	12,810,600				
<b>Total General Fund</b>	<b>148,727,800</b>	<b>150,427,000</b>	<b>159,085,800</b>	<b>145,576,800</b>	<b>151,410,300</b>
<b>Restricted Funds</b>					
Balance Forward	7,600				
Current Receipts	1,861,400	1,869,000	1,869,000	2,799,800	2,796,500
<b>Total Restricted Funds</b>	<b>1,869,000</b>	<b>1,869,000</b>	<b>1,869,000</b>	<b>2,799,800</b>	<b>2,796,500</b>
<b>Federal Funds</b>					
Current Receipts	305,400	380,000	330,000	65,000	15,000
<b>Total Federal Funds</b>	<b>305,400</b>	<b>380,000</b>	<b>330,000</b>	<b>65,000</b>	<b>15,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>150,902,200</b>	<b>152,676,000</b>	<b>161,284,800</b>	<b>148,441,600</b>	<b>154,221,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	32,681,000	44,524,000	47,343,300	33,449,500	34,447,700
Operating Expenses	3,879,300	6,368,800	5,323,600	3,902,300	3,852,600
Grants, Loans or Benefits	114,341,900	101,744,200	108,617,900	111,050,800	115,921,500
Capital Outlay		39,000		39,000	
<b>TOTAL EXPENDITURES</b>	<b>150,902,200</b>	<b>152,676,000</b>	<b>161,284,800</b>	<b>148,441,600</b>	<b>154,221,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	148,727,800	150,427,000	159,085,800	145,576,800	151,410,300
Restricted Funds	1,869,000	1,869,000	1,869,000	2,799,800	2,796,500
Federal Funds	305,400	380,000	330,000	65,000	15,000
<b>TOTAL EXPENDITURES</b>	<b>150,902,200</b>	<b>152,676,000</b>	<b>161,284,800</b>	<b>148,441,600</b>	<b>154,221,800</b>
<b>EXPENDITURES BY UNIT</b>					
Probation and Parole Program	35,193,700	49,495,200	51,127,300	35,966,700	36,865,400
Local Facilities Operations	1,038,500	1,411,100	1,507,600	947,500	977,500
Local Facilities - Jail Program	98,910,600	83,479,400	89,056,900	93,570,900	95,502,200
Community Corrections Commission	1,200,000	1,200,000	1,200,000	1,056,000	1,056,000
Halfway Houses	13,546,000	15,924,400	17,220,600	15,637,600	18,557,800
Electronic Monitoring	1,013,400	1,165,900	1,172,400	1,262,900	1,262,900
<b>TOTAL EXPENDITURES</b>	<b>150,902,200</b>	<b>152,676,000</b>	<b>161,284,800</b>	<b>148,441,600</b>	<b>154,221,800</b>

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units comprised in this area are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 19 districts, provides supervision of approximately 38,500 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement. The number of supervised probationers and parolees is projected to grow to approximately 46,300 by the end of the 2008-2010 biennium.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 72 full service jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The average daily population of HIP participants is 194.

## **Policy**

The Governor's recommended budget includes additional General Fund in the amount of \$5,033,800 in fiscal year 2008 to provide payment to local county jails for state felons housed in their facilities.

The Executive Budget includes \$93,570,900 in fiscal year 2009 and \$95,502,200 in fiscal year 2010 for support payments to local jails to house approximately 7,752 inmates in fiscal year 2009, and approximately 7,912 in fiscal year 2010 at a per diem rate of \$33.07.

The Department of Corrections estimates a 13 percent growth in the number of probationers and parolees over the biennium, from 40,800 to 46,300, an increase of 5,500.

The Governor's recommended budget provides additional General Fund resources of \$1,664,800 in fiscal year 2009 to support 140 additional halfway house beds and \$2,449,900 in fiscal year 2010 to support 200 additional halfway house beds.

The Governor's recommended budget provides additional General Fund resources of \$1,262,900 in each fiscal year 2009 and fiscal year 2010 to expand home incarceration to 400 felons.

The Governor's recommended budget provides that in the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2009 and fiscal year 2010, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$2,430,800 for fiscal year 2008-2009 and \$2,427,500 for fiscal year 2009-2010 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support consistent with contractual covenants in accordance with bond indentures of the Authority.

KRS 532.260 allows the Department of Corrections to place felons housed in county jails in home incarceration using an electronic monitoring device. Eligible Class C or D felons must be within 90 days or less from completing their sentence.

**Justice and Public Safety  
Corrections  
Local Jail Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,236,100	16,236,100	16,236,100	14,040,000	14,040,000
Continuing Appropriation	205,600				
Budget Reduction	-487,100				
<b>Total General Fund</b>	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>TOTAL SOURCE OF FUNDS</b>	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	34,700	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000	447,000
Grants, Loans or Benefits	15,472,900	15,754,400	15,754,400	13,558,300	13,558,300
<b>TOTAL EXPENDITURES</b>	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>TOTAL EXPENDITURES</b>	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000
<b>EXPENDITURES BY UNIT</b>					
Local Jail Allotment	14,245,900	14,527,400	14,527,400	12,331,300	12,331,300
Restricted Medical	931,100	931,100	931,100	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	295,900	295,900	295,900	295,900	295,900
<b>TOTAL EXPENDITURES</b>	15,954,600	16,236,100	16,236,100	14,040,000	14,040,000

The Local Jail Support program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment program are distributed to each county based upon a statutory formula.

The Restricted Medical Fund program is used to pay for indigent inmate medical costs pursuant to a distribution formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$2,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

**Justice and Public Safety  
Vehicle Enforcement**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Budget Reduction	-1,400				
Salary Compensation Fund	48,000	48,000	48,000		
<b>Total General Fund</b>	46,600	48,000	48,000		
<b>Restricted Funds</b>					
Balance Forward	712,000	548,200	636,700	510,700	387,600
Current Receipts	70,500	244,600	261,400	244,600	261,400
Non-Revenue Receipts	1,015,700	1,848,200	2,188,700	1,093,900	1,211,500
Fund Transfers	-37,500				
<b>Total Restricted Funds</b>	1,760,700	2,641,000	3,086,800	1,849,200	1,860,500
<b>Federal Funds</b>					
Current Receipts	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
<b>Total Federal Funds</b>	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
<b>Road Fund</b>					
Regular Appropriation	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
<b>Total Road Fund</b>	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
<b>TOTAL SOURCE OF FUNDS</b>	22,026,200	32,159,400	35,486,500	21,801,700	21,796,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,603,200	22,052,500	25,055,900	14,635,000	15,072,800
Operating Expenses	5,343,700	7,409,600	7,510,400	5,543,500	5,088,900
Grants, Loans or Benefits	667,700	668,200	668,200	668,200	668,200
Capital Outlay	900,900	1,392,400	1,392,400	567,400	567,400
<b>TOTAL EXPENDITURES</b>	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	46,600	48,000	48,000		
Restricted Funds	1,250,000	2,004,300	2,227,200	1,461,600	1,461,600
Federal Funds	6,337,400	6,071,000	6,054,200	6,071,000	6,054,200
Road Fund	13,881,500	23,399,400	26,297,500	13,881,500	13,881,500
<b>TOTAL EXPENDITURES</b>	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
<b>EXPENDITURES BY UNIT</b>					
Vehicle Enforcement	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300
<b>TOTAL EXPENDITURES</b>	21,515,500	31,522,700	34,626,900	21,414,100	21,397,300

The Department of Kentucky Vehicle Enforcement (KVE) is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial vehicles within the Commonwealth. It is the primary mission of KVE to encourage and promote a safe driving environment through education and safety awareness while enforcing laws and regulations relating to commercial vehicles. Specific responsibilities include the enforcement of:

- State and Federal Motor Carrier Safety regulations and Federal Hazardous Material Transport regulations
- Economic regulations (KRS 138 and 186)
- Size and weight regulations (KRS 189 and 23 CFR, Parts 657 and 658)

- Traffic laws in road construction work zones (KRS 189.232)
- DUI statutes (KRS 189A.010) on drivers of passenger vehicles when violations are observed

The Department is divided into ten regions throughout the state which operate 12 weigh/inspection stations in accordance with KRS 189.227, and also provides enforcement coverage on related bypass routes. Kentucky Vehicle Enforcement employees include officers, inspectors, supervisors, and civilian support personnel. The inspectors are assigned to fixed facilities where they perform safety inspections, and enforce size and weight regulations. Officers perform these same duties both at fixed facilities and through mobile enforcement. In addition, officers conduct drug and criminal interdiction as well as traffic enforcement. The Department also has a drug interdiction unit that has four canines and handlers. The drug interdiction unit, along with the inspecting personnel, makes numerous drug seizures and bulk cash seizures annually.

Kentucky's program is comprehensive, encompassing all elements as outlined in the Federal Motor Carrier Safety Assistance national program outline (49 CFR, Part 350). Program elements include:

- Commercial vehicle/driver safety inspections
- Traffic enforcement activities, including stopping commercial vehicles operating on highways, streets or roads for violations of state or local motor vehicle or traffic laws
- Review of motor carriers for compliance with Federal Motor Carrier Safety and Federal Hazardous Material Safety regulations and rendering to the carriers educational and technical assistance with regard to regulatory compliance
- Public education and awareness
- Motor carrier safety data collection and reporting

Kentucky Vehicle Enforcement provides funds to three Motor Carrier Safety Administration program sub-grantees, the Lexington and Louisville Police Departments and Boone County Sheriff's Department. All police agencies conduct commercial vehicle inspections and perform traffic enforcement activities. These partner agencies have been valuable in creating a stronger commercial vehicle enforcement presence in urban areas, thus allowing a more efficient deployment of limited KVE resources in other areas of the Commonwealth.

**Justice and Public Safety  
Public Advocacy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	31,886,400	61,612,200	64,731,000	32,940,100	34,378,400
Current Year Appropriation	2,000,000				
Salary Compensation Fund	279,800				
<b>Total General Fund</b>	<b>34,166,200</b>	<b>61,612,200</b>	<b>64,731,000</b>	<b>32,940,100</b>	<b>34,378,400</b>
<b>Restricted Funds</b>					
Balance Forward	37,100	2,623		1,900	
Current Receipts	4,455,800	100,000	100,000	4,300,000	4,300,000
<b>Total Restricted Funds</b>	<b>4,492,900</b>	<b>102,623</b>	<b>100,000</b>	<b>4,301,900</b>	<b>4,300,000</b>
<b>Federal Funds</b>					
Current Receipts	1,713,100			1,783,300	1,661,100
<b>Total Federal Funds</b>	<b>1,713,100</b>			<b>1,783,300</b>	<b>1,661,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>40,372,200</b>	<b>61,714,823</b>	<b>64,831,000</b>	<b>39,025,300</b>	<b>40,339,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	29,908,600	51,371,200	54,619,600	28,015,700	29,297,900
Operating Expenses	4,393,000	10,172,900	10,103,500	4,513,600	4,545,600
Grants, Loans or Benefits	6,068,700	6,096,000	6,096,000	6,496,000	6,496,000
Capital Outlay		60,000			
<b>TOTAL EXPENDITURES</b>	<b>40,370,300</b>	<b>67,700,100</b>	<b>70,819,100</b>	<b>39,025,300</b>	<b>40,339,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	34,166,200	61,612,200	64,731,000	32,940,100	34,378,400
Restricted Funds	4,491,000	4,302,623	4,300,000	4,301,900	4,300,000
Federal Funds	1,713,100	1,783,300	1,661,100	1,783,300	1,661,100
<b>TOTAL EXPENDITURES</b>	<b>40,370,300</b>	<b>67,698,123</b>	<b>70,692,100</b>	<b>39,025,300</b>	<b>40,339,500</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Public Advocate	1,011,800	1,529,500	1,624,700	1,019,400	1,066,800
Defense Services	35,847,400	60,667,100	63,487,700	34,407,600	35,609,500
Law Operations	1,484,100	2,508,623	2,620,300	1,570,200	1,600,000
Protection and Advocacy	2,027,000	2,992,900	2,959,400	2,028,100	2,063,200
<b>TOTAL EXPENDITURES</b>	<b>40,370,300</b>	<b>67,698,123</b>	<b>70,692,100</b>	<b>39,025,300</b>	<b>40,339,500</b>

The U. S. and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department of Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders, full-time contract public defenders, and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, Executive Advisor, General Counsel, and all strategic planning and education functions.

The Operations Division provides budget, personnel, administrative, technology, library services, research, and management support for the Department.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030. The Division seeks legal, administrative, and other appropriate remedies to insure protection of Kentuckians with developmental disabilities and mental illness. The majority of funds in this division's budget are Federal Funds that have strict non-supplanting requirements.

## **Policy**

The Governor's recommended budget includes \$800,000 in fiscal year 2008, \$1,800,000 in fiscal year 2009, and \$1,800,000 in fiscal year 2010 to support the state Department of Public Advocacy takeover of the Lexington Fayette Legal Aid Office.

Pursuant to KRS 31.065(2), the Department of Public Advocacy has an obligation to either contract with another nonprofit corporation that is willing to provide suitable attorney services for reasonable compensation, or open an office of public advocacy to address the mandatory representation of needy persons when a county, urban-county, charter county, or consolidated local government chooses not to submit a plan to provide those services.

In June of 2007, the Department of Public Advocacy was officially informed that the Fayette County Legal Aid Office was ending its services. Likewise, the Fayette Urban County Government exercised its right to no longer submit a plan for these services. Therefore, the Department of Public Advocacy was mandated to open an office of public advocacy in Fayette County, which became operational on August 1, 2007.

The office caseload is approximately 10,500 cases in district, juvenile, family, and circuit courts.

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# Personnel

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	<b>Personnel</b>				
	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,408,200	3,340,700	3,340,700	2,380,700	2,380,700
Continuing Appropriation	3,842,500				
Budget Reduction	-2,328,816				
Salary Compensation Fund	-20,911,900	148,200	148,200		
Base Deduction	-138,000				
Other		2,000,000	2,000,000		
<b>Total General Fund</b>	<b>7,871,984</b>	<b>5,488,900</b>	<b>5,488,900</b>	<b>2,380,700</b>	<b>2,380,700</b>
<b>Restricted Funds</b>					
Balance Forward	17,540,900	20,263,500	14,590,200	19,910,200	13,830,500
Current Receipts	46,734,100	45,905,700	47,878,100	42,401,500	44,581,900
Non-Revenue Receipts	6,940,000	4,576,400	5,777,400	5,400,000	5,400,000
Fund Transfers	-1,053,600				
<b>Total Restricted Funds</b>	<b>70,161,400</b>	<b>70,745,600</b>	<b>68,245,700</b>	<b>67,711,700</b>	<b>63,812,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>78,033,384</b>	<b>76,234,500</b>	<b>73,734,600</b>	<b>70,092,400</b>	<b>66,193,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	46,408,000	54,883,000	58,106,700	49,898,700	52,009,600
Operating Expenses	6,518,800	6,628,900	5,873,600	6,243,100	5,508,800
Capital Outlay	86,800	132,400	125,000	120,100	114,200
<b>TOTAL EXPENDITURES</b>	<b>53,013,600</b>	<b>61,644,300</b>	<b>64,105,300</b>	<b>56,261,900</b>	<b>57,632,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,762,400	5,488,900	5,488,900	2,380,700	2,380,700
Restricted Funds	50,251,200	56,155,400	58,616,400	53,881,200	55,251,900
<b>TOTAL EXPENDITURES</b>	<b>53,013,600</b>	<b>61,644,300</b>	<b>64,105,300</b>	<b>56,261,900</b>	<b>57,632,600</b>
<b>EXPENDITURES BY UNIT</b>					
General Operations	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
Public Employees Deferred Compensation Authority	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
Workers' Compensation Benefits and Reserve	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
State Group Health Insurance Fund	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
<b>TOTAL EXPENDITURES</b>	<b>53,013,600</b>	<b>61,644,300</b>	<b>64,105,300</b>	<b>56,261,900</b>	<b>57,632,600</b>

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application and testing processes, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of four appropriation units: General Operations, Public Employees Deferred Compensation Authority, the Workers' Compensation Benefits and Reserve, and the State Group Health Insurance Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The terms of the board members were for four years, but the first board appointed was on staggered terms. At the first meeting of the Personnel Board, the board appointed

a committee of three persons to conduct an examination of qualified applicants for the position of Commissioner of Personnel. Upon the completion of the examination the board forwarded to the Governor names of three qualified applicants from the classified service for appointment. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel related functions. This was a pre-cursor to the department's "benefit assessment fee." In 1998, the General Assembly elevated the Department to Cabinet status.

Executive Order 2007-500, dated June 21, 2007, reorganized the Personnel Cabinet and its organizational structure.

**Personnel  
General Operations**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	932,200	932,200	932,200	300,000	300,000
Budget Reduction	-656,000				
Salary Compensation Fund	148,200	148,200	148,200		
Other		2,000,000	2,000,000		
<b>Total General Fund</b>	424,400	3,080,400	3,080,400	300,000	300,000
<b>Restricted Funds</b>					
Balance Forward	5,451,700	5,655,800	4,204,200	5,302,500	2,460,100
Current Receipts	14,280,900	17,806,700	17,856,700	13,460,700	13,641,100
Non-Revenue Receipts	7,048,400	4,111,600	4,115,000	5,511,600	5,515,000
Fund Transfers	-1,053,600				
<b>Total Restricted Funds</b>	25,727,400	27,574,100	26,175,900	24,274,800	21,616,200
<b>TOTAL SOURCE OF FUNDS</b>	26,151,800	30,654,500	29,256,300	24,574,800	21,916,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	15,614,000	20,922,900	22,077,400	16,954,500	17,199,400
Operating Expenses	5,212,200	5,406,600	4,631,500	5,048,700	4,296,500
Capital Outlay	23,100	120,800	117,600	111,500	109,100
<b>TOTAL EXPENDITURES</b>	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	424,400	3,080,400	3,080,400	300,000	300,000
Restricted Funds	20,424,900	23,369,900	23,746,100	21,814,700	21,305,000
<b>TOTAL EXPENDITURES</b>	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000
<b>EXPENDITURES BY UNIT</b>					
General Administration	2,561,200	3,192,700	3,417,700	2,453,800	2,533,700
Governmental Service Center	1,521,500	1,917,500	2,041,200	1,542,300	1,528,500
Employee Relations	1,308,000	1,753,200	1,956,800	1,384,400	1,424,600
Employee Insurance	6,023,300	7,444,200	7,717,900	6,538,700	6,685,500
Personnel Administration	9,435,300	12,142,700	11,692,900	10,195,500	9,432,700
<b>TOTAL EXPENDITURES</b>	20,849,300	26,450,300	26,826,500	22,114,700	21,605,000

Executive Order 2007-500 reorganized the Personnel Cabinet, including the General Operations appropriation unit. The General Operations unit includes two departments, five offices, and the Governmental Services Center at Kentucky State University: the Department for Personnel Administration and the Department for Employee Insurance; the Office of the Secretary, the Office of Administrative Services, the Office of Legal Services, the Office of Employee Relations, and the Office of Human Resource Planning and Diversity Initiatives.

The Secretary of the Personnel Cabinet provides policy and management support to the departments and offices of the Cabinet, promulgates administrative regulations, advises the Personnel Board on matters pertaining to the classified service, and conducts investigations on all matters relating to personnel statutes and regulations. Reporting to the Secretary are all department heads and office heads within the Cabinet.

The Department of Personnel Administration consists of three divisions: the Division of Employee Management, the Division of Staffing Services, and the Division of Human Resource Projects. The responsibilities of this department include recruiting, counseling, testing, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll

records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Personnel Administration.

The Department of Employee Insurance manages health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. It manages the Commonwealth Choice Section 125 benefit program for state employees, local boards of education, and other public and quasi-public agencies, and provides administrative support for the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are three divisions organized under the department: the Division of Insurance Administration, the Division of Financial and Data Services, and the Division of Special Programs.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides all legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other executive branch agencies.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility for the employee performance management system for the Commonwealth.

The Office of Human Resources Planning and Diversity Initiatives contains two divisions: the Division of Diversity Relations and the Division of Equal Employment Opportunity. This office is responsible for administering the Commonwealth's Affirmative Action Plan as well as analyzing and developing a workforce planning mechanism for addressing trends in the workplace.

The Office of Employee Relations program includes two divisions, the Division of Employee Benefits and the Division of Employee Services and Recognition. The program administers the Kentucky Employee Assistance Program (which provides assistance to troubled employees), life insurance benefits for state employees, the employee suggestion system, a mediation program to help resolve employment problems, the state safety program, and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firemen, volunteer ambulance personnel, and various local government entities.

**Personnel**  
**Public Employees Deferred Compensation Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	6,898,900	7,913,100	7,711,800	7,913,100	8,167,700
Current Receipts	7,240,800	7,240,800	7,240,800	7,240,800	7,240,800
Non-Revenue Receipts	-54,200	-55,800	-57,500	-55,800	-57,500
<b>Total Restricted Funds</b>	<b>14,085,500</b>	<b>15,098,100</b>	<b>14,895,100</b>	<b>15,098,100</b>	<b>15,351,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,085,500</b>	<b>15,098,100</b>	<b>14,895,100</b>	<b>15,098,100</b>	<b>15,351,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,626,400	6,911,300	7,362,200	6,475,500	6,774,800
Operating Expenses	484,900	466,400	478,300	446,300	456,300
Capital Outlay	61,100	8,600	5,100	8,600	5,100
<b>TOTAL EXPENDITURES</b>	<b>6,172,400</b>	<b>7,386,300</b>	<b>7,845,600</b>	<b>6,930,400</b>	<b>7,236,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
<b>TOTAL EXPENDITURES</b>	<b>6,172,400</b>	<b>7,386,300</b>	<b>7,845,600</b>	<b>6,930,400</b>	<b>7,236,200</b>
<b>EXPENDITURES BY UNIT</b>					
Public Employees Deferred Compensation Authority	6,172,400	7,386,300	7,845,600	6,930,400	7,236,200
<b>TOTAL EXPENDITURES</b>	<b>6,172,400</b>	<b>7,386,300</b>	<b>7,845,600</b>	<b>6,930,400</b>	<b>7,236,200</b>

The Kentucky Public Employees Deferred Compensation Authority administers deferred compensation plans as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403 (b) in accordance with KRS 18A.230-18A.350 as tax-sheltered, supplemental retirement savings programs. These programs are an optional benefit for Kentucky's public employees.

**Personnel**  
**Workers' Compensation Benefits and Reserve**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	5,190,300	6,694,600	2,674,200	6,694,600	3,202,700
Current Receipts	25,212,400	20,858,200	22,780,600	21,700,000	23,700,000
Non-Revenue Receipts	-54,200	520,600	1,719,900	-55,800	-57,500
<b>Total Restricted Funds</b>	<b>30,348,500</b>	<b>28,073,400</b>	<b>27,174,700</b>	<b>28,338,800</b>	<b>26,845,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>30,348,500</b>	<b>28,073,400</b>	<b>27,174,700</b>	<b>28,338,800</b>	<b>26,845,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	22,829,600	24,640,300	26,258,600	24,388,000	25,954,700
Operating Expenses	821,700	755,900	763,800	748,100	756,000
Capital Outlay	2,600	3,000	2,300		
<b>TOTAL EXPENDITURES</b>	<b>23,653,900</b>	<b>25,399,200</b>	<b>27,024,700</b>	<b>25,136,100</b>	<b>26,710,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
<b>TOTAL EXPENDITURES</b>	<b>23,653,900</b>	<b>25,399,200</b>	<b>27,024,700</b>	<b>25,136,100</b>	<b>26,710,700</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Benefits and Reserve	23,653,900	25,399,200	27,024,700	25,136,100	26,710,700
<b>TOTAL EXPENDITURES</b>	<b>23,653,900</b>	<b>25,399,200</b>	<b>27,024,700</b>	<b>25,136,100</b>	<b>26,710,700</b>

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet, and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

<b>Personnel</b>					
<b>State Salary and Compensation Fund</b>					
	<u>Revised FY 2008</u>	<u>Requested FY 2009</u>	<u>Requested FY 2010</u>	<u>Recommended FY 2009</u>	<u>Recommended FY 2010</u>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	24,000,000				
Continuing Appropriation	3,842,500				
Budget Reduction	-1,672,816				
Salary Compensation Fund	-21,060,100				
<b>Total General Fund</b>	<u>5,109,584</u>				
<b>TOTAL SOURCE OF FUNDS</b>	<u>5,109,584</u>				

The State Salary and Compensation Fund a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees in fiscal year 2007-08.

**Personnel**  
**State Group Health Insurance Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,476,000	2,408,500	2,408,500	2,080,700	2,080,700
Base Deduction	-138,000				
<b>Total General Fund</b>	<b>2,338,000</b>	<b>2,408,500</b>	<b>2,408,500</b>	<b>2,080,700</b>	<b>2,080,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,338,000</b>	<b>2,408,500</b>	<b>2,408,500</b>	<b>2,080,700</b>	<b>2,080,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
<b>TOTAL EXPENDITURES</b>	<b>2,338,000</b>	<b>2,408,500</b>	<b>2,408,500</b>	<b>2,080,700</b>	<b>2,080,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,338,000	2,408,500	2,408,500	2,080,700	2,080,700
<b>TOTAL EXPENDITURES</b>	<b>2,338,000</b>	<b>2,408,500</b>	<b>2,408,500</b>	<b>2,080,700</b>	<b>2,080,700</b>

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the State Group health Insurance program.

**Policy**

The Executive Budget provides General Fund support of \$2,080,700 in fiscal years 2009 and 2010 to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

# Postsecondary Education

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**Postsecondary Education**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,379,564,800	1,595,720,000	1,803,772,700	1,186,716,600	1,196,987,100
Special Appropriation	2,000,000				
Continuing Appropriation	996,300	1,000,000	1,000,000	1,000,000	1,000,000
Budget Reduction	-34,509,400				
Salary Compensation Fund	62,800				
<b>Total General Fund</b>	<b>1,348,114,500</b>	<b>1,596,720,000</b>	<b>1,804,772,700</b>	<b>1,187,716,600</b>	<b>1,197,987,100</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	5,591,200	6,591,100	6,685,600	6,586,100	6,680,600
Continuing Appropriation	208,600				
Other	1,088,900				
<b>Total Tobacco Settlement-Phase I</b>	<b>6,888,700</b>	<b>6,591,100</b>	<b>6,685,600</b>	<b>6,586,100</b>	<b>6,680,600</b>
<b>Restricted Funds</b>					
Balance Forward	2,255,000	781,700	258,200	1,150,400	322,400
Current Receipts	3,046,836,300	3,193,546,900	3,343,003,400	3,053,132,000	3,066,095,500
Non-Revenue Receipts	19,269,900	14,975,100	14,611,800	15,593,800	14,539,800
Fund Transfers	-250,000				
<b>Total Restricted Funds</b>	<b>3,068,111,200</b>	<b>3,209,303,700</b>	<b>3,357,873,400</b>	<b>3,069,876,200</b>	<b>3,080,957,700</b>
<b>Federal Funds</b>					
Balance Forward	4,500				
Current Receipts	691,017,500	720,992,400	757,686,600	694,403,600	699,934,300
<b>Total Federal Funds</b>	<b>691,022,000</b>	<b>720,992,400</b>	<b>757,686,600</b>	<b>694,403,600</b>	<b>699,934,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,114,136,400</b>	<b>5,533,607,200</b>	<b>5,927,018,300</b>	<b>4,958,582,500</b>	<b>4,985,559,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,568,964,400	2,731,758,600	2,873,641,300	2,510,776,800	2,522,147,300
Operating Expenses	1,487,367,900	1,585,327,100	1,671,211,900	1,457,484,500	1,461,222,500
Grants, Loans or Benefits	785,377,300	951,484,400	1,015,578,800	743,480,000	745,508,400
Debt Service	105,280,300	95,107,000	194,046,100	91,892,100	101,860,600
Capital Outlay	158,579,100	168,671,900	172,540,200	153,626,700	153,820,600
<b>TOTAL EXPENDITURES</b>	<b>5,105,569,000</b>	<b>5,532,349,000</b>	<b>5,927,018,300</b>	<b>4,957,260,100</b>	<b>4,984,559,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,340,697,500	1,595,720,000	1,804,772,700	1,186,716,600	1,196,987,100
Tobacco Settlement-Phase I	6,888,700	6,591,100	6,685,600	6,586,100	6,680,600
Restricted Funds	3,066,960,800	3,209,045,500	3,357,873,400	3,069,553,800	3,080,957,400
Federal Funds	691,022,000	720,992,400	757,686,600	694,403,600	699,934,300
<b>TOTAL EXPENDITURES</b>	<b>5,105,569,000</b>	<b>5,532,349,000</b>	<b>5,927,018,300</b>	<b>4,957,260,100</b>	<b>4,984,559,400</b>
<b>EXPENDITURES BY UNIT</b>					
Council on Postsecondary Education	120,539,400	125,345,400	240,805,200	85,529,500	95,523,300
Kentucky Higher Education Assistance Authority	213,493,400	328,816,300	345,047,600	198,631,200	198,052,900
Postsecondary Education Institutions	4,771,536,200	5,078,187,300	5,341,165,500	4,673,099,400	4,690,983,200
<b>TOTAL EXPENDITURES</b>	<b>5,105,569,000</b>	<b>5,532,349,000</b>	<b>5,927,018,300</b>	<b>4,957,260,100</b>	<b>4,984,559,400</b>

**Postsecondary Education  
Council on Postsecondary Education**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	95,120,700	91,706,300	207,071,600	52,090,800	61,814,700
Continuing Appropriation	250,800				
Budget Reduction	-1,988,200				
Salary Compensation Fund	62,800				
<b>Total General Fund</b>	<b>93,446,100</b>	<b>91,706,300</b>	<b>207,071,600</b>	<b>52,090,800</b>	<b>61,814,700</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	4,691,200	5,591,100	5,685,600	5,586,100	5,680,600
Other	788,900				
<b>Total Tobacco Settlement-Phase I</b>	<b>5,480,100</b>	<b>5,591,100</b>	<b>5,685,600</b>	<b>5,586,100</b>	<b>5,680,600</b>
<b>Restricted Funds</b>					
Balance Forward	708,100	221,300	20,000	5,900	
Current Receipts	1,604,900	1,873,400	2,054,700	1,873,400	2,054,700
Non-Revenue Receipts	6,873,700	6,873,900	6,873,900	6,873,900	6,873,900
Fund Transfers	-250,000				
<b>Total Restricted Funds</b>	<b>8,936,700</b>	<b>8,968,600</b>	<b>8,948,600</b>	<b>8,753,200</b>	<b>8,928,600</b>
<b>Federal Funds</b>					
Balance Forward	4,500				
Current Receipts	19,094,900	19,099,400	19,099,400	19,099,400	19,099,400
<b>Total Federal Funds</b>	<b>19,099,400</b>	<b>19,099,400</b>	<b>19,099,400</b>	<b>19,099,400</b>	<b>19,099,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>126,962,300</b>	<b>125,365,400</b>	<b>240,805,200</b>	<b>85,529,500</b>	<b>95,523,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,338,800	14,272,100	14,995,500	11,911,000	12,204,200
Operating Expenses	5,574,900	9,646,200	9,392,000	5,134,500	4,901,300
Grants, Loans or Benefits	80,005,100	101,297,100	118,745,700	68,354,000	68,609,300
Debt Service	22,493,000		97,542,000		9,678,500
Capital Outlay	127,600	130,000	130,000	130,000	130,000
<b>TOTAL EXPENDITURES</b>	<b>120,539,400</b>	<b>125,345,400</b>	<b>240,805,200</b>	<b>85,529,500</b>	<b>95,523,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	87,029,100	91,706,300	207,071,600	52,090,800	61,814,700
Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds	8,930,800	8,948,600	8,948,600	8,753,200	8,928,600
Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
<b>TOTAL EXPENDITURES</b>	<b>120,539,400</b>	<b>125,345,400</b>	<b>240,805,200</b>	<b>85,529,500</b>	<b>95,523,300</b>
<b>EXPENDITURES BY UNIT</b>					
Agency Operations	9,535,800	11,169,400	11,760,300	9,246,400	9,473,100
Pass Through Programs	12,862,400	13,321,400	13,483,800	11,310,700	11,304,800
Federal Programs	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
Strategic Investment and Incentive Funding Program	92,543,200	94,604,600	209,311,100	59,722,400	69,495,400
<b>TOTAL EXPENDITURES</b>	<b>120,539,400</b>	<b>125,345,400</b>	<b>240,805,200</b>	<b>85,529,500</b>	<b>95,523,300</b>

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The Council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education enterprise. The primary focus of the Council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. The Council also has responsibility to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- 1 A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- 2 A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- 3 A premier, nationally-recognized metropolitan research university at the University of Louisville.
- 4 Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- 5 A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- 6 An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the Council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; providing the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

**Postsecondary Education  
Council on Postsecondary Education  
Agency Operations**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,880,300	10,416,700	11,007,600	8,695,000	8,740,400
Budget Reduction	-90,800				
Salary Compensation Fund	62,800				
<b>Total General Fund</b>	<b>8,852,300</b>	<b>10,416,700</b>	<b>11,007,600</b>	<b>8,695,000</b>	<b>8,740,400</b>
<b>Restricted Funds</b>					
Balance Forward	650,600	221,300	20,000		
Current Receipts	282,900	551,400	732,700	551,400	732,700
Fund Transfers	-250,000				
<b>Total Restricted Funds</b>	<b>683,500</b>	<b>772,700</b>	<b>752,700</b>	<b>551,400</b>	<b>732,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,535,800</b>	<b>11,189,400</b>	<b>11,760,300</b>	<b>9,246,400</b>	<b>9,473,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,107,900	9,619,200	10,222,000	7,931,900	8,162,900
Operating Expenses	1,300,300	1,420,200	1,408,300	1,184,500	1,180,200
Capital Outlay	127,600	130,000	130,000	130,000	130,000
<b>TOTAL EXPENDITURES</b>	<b>9,535,800</b>	<b>11,169,400</b>	<b>11,760,300</b>	<b>9,246,400</b>	<b>9,473,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,852,300	10,416,700	11,007,600	8,695,000	8,740,400
Restricted Funds	683,500	752,700	752,700	551,400	732,700
<b>TOTAL EXPENDITURES</b>	<b>9,535,800</b>	<b>11,169,400</b>	<b>11,760,300</b>	<b>9,246,400</b>	<b>9,473,100</b>

The Agency Operations program is the support unit of the Council on Postsecondary Education. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the Council is found in KRS 164.013, 164.0203, and 164.020. The Agency Operations program is the support unit of the Council. As such, employees included in the Agency Operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The Council licenses private postsecondary education institutions, a regulatory function.

Agency Operations include staff and operating expenses necessary to manage the agency and programs of the Council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with Agency Operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit includes support staff providing governmental and legislative services, media relations, and communications planning.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. "New economy" responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the Council in 2003. This unit provides governmental relations, communications, information, technology, and business office support to the adult education program unit.
- The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The Agency Operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency: budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the Council.

**Postsecondary Education  
Council on Postsecondary Education  
Pass Through Programs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,153,100	6,427,500	6,589,900	4,410,900	4,410,900
Budget Reduction	-184,600				
<b>Total General Fund</b>	<b>5,968,500</b>	<b>6,427,500</b>	<b>6,589,900</b>	<b>4,410,900</b>	<b>4,410,900</b>
<b>Restricted Funds</b>					
Balance Forward	6,100			5,900	
Current Receipts	20,000	20,000	20,000	20,000	20,000
Non-Revenue Receipts	6,873,700	6,873,900	6,873,900	6,873,900	6,873,900
<b>Total Restricted Funds</b>	<b>6,899,800</b>	<b>6,893,900</b>	<b>6,893,900</b>	<b>6,899,800</b>	<b>6,893,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,868,300</b>	<b>13,321,400</b>	<b>13,483,800</b>	<b>11,310,700</b>	<b>11,304,800</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	3,000	3,000	3,000	3,000	3,000
Grants, Loans or Benefits	12,859,400	13,318,400	13,480,800	11,307,700	11,301,800
<b>TOTAL EXPENDITURES</b>	<b>12,862,400</b>	<b>13,321,400</b>	<b>13,483,800</b>	<b>11,310,700</b>	<b>11,304,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,968,500	6,427,500	6,589,900	4,410,900	4,410,900
Restricted Funds	6,893,900	6,893,900	6,893,900	6,899,800	6,893,900
<b>TOTAL EXPENDITURES</b>	<b>12,862,400</b>	<b>13,321,400</b>	<b>13,483,800</b>	<b>11,310,700</b>	<b>11,304,800</b>
<b>EXPENDITURES BY UNIT</b>					
Contract Spaces	4,024,900	4,280,100	4,442,500	3,524,900	3,524,900
Metroversity	58,800	58,800	58,800		
Professional Education Preparation Program	404,200	416,700	416,700	355,700	355,700
Telecommunications Consortia	177,200	182,700	182,700		
Minority Student College Prep Program	397,700	397,700	397,700	353,900	353,900
State Autism Training Center	211,300	277,800	277,800	185,900	185,900
Kentucky Rural Development Center	677,300	698,200	698,200		
SREB Doctoral Scholars Program	301,400	301,400	301,400	284,400	284,400
Pass Through - Other	109,600	208,000	208,000	105,900	100,000
Cancer Research Insts Mtchg Fd	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
<b>TOTAL EXPENDITURES</b>	<b>12,862,400</b>	<b>13,321,400</b>	<b>13,483,800</b>	<b>11,310,700</b>	<b>11,304,800</b>

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

The **Contract Spaces Program** provides Kentucky students with access to veterinary medicine and optometry programs through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. In optometry, Kentucky contracts for spaces at the Southern College of Optometry, the University of Alabama, and Indiana University. Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay

only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution. These contracts are the primary sources of enrollment opportunities for Kentucky students and for trained individuals to meet workforce needs in these professional areas.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education. The University of Louisville Research Foundation and the University of Kentucky Research Foundations will each be eligible for state funds under this program. The program is funded by a one-cent cigarette surtax. To receive the funding from this program, the two research institutions must provide a dollar for dollar match from external sources. The purpose of these funds is to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program supports collaborative business and academic ventures in support of the cancer research programs at their respective university cancer centers (Brown and Markey).

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the Pikeville College, School of Osteopathic Medicine to conduct pre-freshman workshops, undergraduate workshops, student assessment conferences, and MCAT/DAT test assistance with tutors, tutoring, and summer job placement.

The **Telecommunications Consortium** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. In fiscal year 2005-2006, 33 undergraduate courses are scheduled for delivery. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle and junior high school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board Doctoral Scholars Program** is a cooperative interstate venture that seeks to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

**Postsecondary Education  
Council on Postsecondary Education  
Federal Programs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		1,000,000	1,000,000		
<b>Total General Fund</b>		1,000,000	1,000,000		
<b>Federal Funds</b>					
Current Receipts	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
<b>Total Federal Funds</b>	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
<b>TOTAL SOURCE OF FUNDS</b>	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	709,400	779,800	851,200	786,000	846,400
Operating Expenses	352,500	362,500	140,600	362,500	140,600
Grants, Loans or Benefits	4,536,100	5,107,700	5,258,200	4,101,500	4,263,000
<b>TOTAL EXPENDITURES</b>	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		1,000,000	1,000,000		
Federal Funds	5,598,000	5,250,000	5,250,000	5,250,000	5,250,000
<b>TOTAL EXPENDITURES</b>	5,598,000	6,250,000	6,250,000	5,250,000	5,250,000

The Council on Postsecondary Education administers three federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant program, Gaining Early Awareness and Readiness for Undergraduate programs (GEAR UP) Kentucky, and the Fund for the Improvement of Postsecondary Education (FIPSE).

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take the right courses to go to college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds the system referred to as U-CAN, the university coordinated advising network. Key partners include the Kentucky Community and Technical College System, the Kentucky Department of Education, the Kentucky Higher Education Assistance Authority, a number of postsecondary institutions, school districts, and adult education learning centers. Through matching funds, improvements are being made to and activities expanded in the Kentucky Virtual University call center.

**Postsecondary Education  
Council on Postsecondary Education  
Strategic Investment and Incentive Funding Program**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	80,087,300	73,862,100	188,474,100	38,984,900	48,663,400
Continuing Appropriation	250,800				
Budget Reduction	-1,712,800				
<b>Total General Fund</b>	<b>78,625,300</b>	<b>73,862,100</b>	<b>188,474,100</b>	<b>38,984,900</b>	<b>48,663,400</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	4,691,200	5,591,100	5,685,600	5,586,100	5,680,600
Other	788,900				
<b>Total Tobacco Settlement-Phase I</b>	<b>5,480,100</b>	<b>5,591,100</b>	<b>5,685,600</b>	<b>5,586,100</b>	<b>5,680,600</b>
<b>Restricted Funds</b>					
Balance Forward	51,400				
Current Receipts	1,302,000	1,302,000	1,302,000	1,302,000	1,302,000
<b>Total Restricted Funds</b>	<b>1,353,400</b>	<b>1,302,000</b>	<b>1,302,000</b>	<b>1,302,000</b>	<b>1,302,000</b>
<b>Federal Funds</b>					
Balance Forward	4,500				
Current Receipts	13,496,900	13,849,400	13,849,400	13,849,400	13,849,400
<b>Total Federal Funds</b>	<b>13,501,400</b>	<b>13,849,400</b>	<b>13,849,400</b>	<b>13,849,400</b>	<b>13,849,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>98,960,200</b>	<b>94,604,600</b>	<b>209,311,100</b>	<b>59,722,400</b>	<b>69,495,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,521,500	3,873,100	3,922,300	3,193,100	3,194,900
Operating Expenses	3,919,100	7,860,500	7,840,100	3,584,500	3,577,500
Grants, Loans or Benefits	62,609,600	82,871,000	100,006,700	52,944,800	53,044,500
Debt Service	22,493,000		97,542,000		9,678,500
<b>TOTAL EXPENDITURES</b>	<b>92,543,200</b>	<b>94,604,600</b>	<b>209,311,100</b>	<b>59,722,400</b>	<b>69,495,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	72,208,300	73,862,100	188,474,100	38,984,900	48,663,400
Tobacco Settlement-Phase I	5,480,100	5,591,100	5,685,600	5,586,100	5,680,600
Restricted Funds	1,353,400	1,302,000	1,302,000	1,302,000	1,302,000
Federal Funds	13,501,400	13,849,400	13,849,400	13,849,400	13,849,400
<b>TOTAL EXPENDITURES</b>	<b>92,543,200</b>	<b>94,604,600</b>	<b>209,311,100</b>	<b>59,722,400</b>	<b>69,495,400</b>
<b>EXPENDITURES BY UNIT</b>					
Research Challenge Trust Fund	5,480,100	5,591,100	21,643,600	5,586,100	5,680,600
Regional University Excellence Trust Fund			4,256,000		
Technology Initiative Trust Fund	7,012,800	11,180,200	20,415,200	7,848,100	7,848,100
Physical Facilities Trust Fund	22,493,000		67,099,000		9,678,500
Workforce Development Trust Fund	1,200,000		1,064,000		
Adult Education and Literacy Funding Program	37,978,600	41,127,400	43,127,400	36,127,400	36,127,400
Science and Technology Funding Program	10,185,700	19,555,900	19,555,900	8,160,800	8,160,800
Research Support Funding Program	3,000,000				
Special Initiatives Funding Program	902,000	9,050,000	9,050,000		
Regional Stewardship Funding Program	3,484,800	2,100,000	2,100,000	1,500,000	1,500,000
Performance Funding	806,200	6,000,000	21,000,000	500,000	500,000
<b>TOTAL EXPENDITURES</b>	<b>92,543,200</b>	<b>94,604,600</b>	<b>209,311,100</b>	<b>59,722,400</b>	<b>69,495,400</b>

**POSTSECONDARY EDUCATION  
STRATEGIC INVESTMENT AND INCENTIVE FUNDING PROGRAM**

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds: the Research Challenge Trust Fund, the Regional University Excellence Trust Fund, the Technology Initiative Trust Fund, the Physical Facilities Trust Fund, the Postsecondary Workforce Development Trust Fund, and the Student Financial Aid and Advancement Trust Fund. The Council has also established through the budget process three Strategic Investment and Incentive Funding Programs: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Regional Stewardship Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

	<u>FY 2009</u>	<u>FY 2010</u>
<b>Research Challenge Trust Fund</b>		
Bucks for Brains - Bonds	50,000,000	
Lung Cancer Research Phase I Tobacco Settlement Funding	5,586,100	5,680,600
<b>Regional University Excellence Trust Fund</b>		
Bucks for Brains - Bonds	10,000,000	
<b>Physical Facilities Trust Fund</b>		
Debt Service for \$113,682,000 in Bond Funded Projects		9,678,500
<b>Technology Initiatives Trust Fund</b>	7,848,100	7,848,100
<b>Adult Education and Literacy Funding Program</b>	36,127,400	36,127,400
<b>Science and Technology Funding Program</b>	8,160,800	8,160,800
<b>Regional Stewardship Funding Program</b>	1,500,000	1,500,000
<b>Performance Funding</b>	500,000	
<b>TOTAL FUNDING PROGRAM APPROPRIATIONS</b>	<u>125,119,400</u>	<u>68,995,400</u>

**Research Challenge Trust Fund**

The Research Challenge Trust Fund includes funding from the Phase I Tobacco Settlement devoted to the Lung Cancer Research Trust Fund established by KRS 164.476.

The Executive Budget includes \$50,000,000 in bond funds for the Bucks for Brains program within the Research Challenge Trust Fund. Two-thirds of these funds are for the University of Kentucky and one-third is for the University of Louisville pursuant to KRS 164.7917. The funds are used for an endowment matching program. The two universities use donated funds to match the \$50,000,000 and the combined \$100,000,000 is used to create new endowments or expand existing endowments for chairs, professorships, fellowships, and research-related mission support. Only the investment income from the endowments may be expended.

**Regional University Excellence Trust Fund**

The Executive Budget includes \$10,000,000 in bond funds for the Regional University Excellence Trust Fund. The purpose of the Fund is to provide financial assistance to encourage regional universities to develop a nationally recognized program.

**Physical Facilities Trust Fund** - \$9,678,500 from the General Fund is provided in fiscal year 2010 for debt service for \$113,682,000 in bond funded projects for the Council and the public postsecondary education institutions, including the Bucks for Brains bond funds.

## Technology Initiatives Trust Fund

Funding is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Kentucky Postsecondary Education Network (KPEN) is an Internet protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access Internet users and provides an easy mechanism for expansion of network services. Expanded KPEN services extend to all postsecondary education institutions through the Master Agreement developed between the University of Kentucky and the vendor, Alltell, Inc. The Council on Postsecondary Education, working through the University of Kentucky, financially supports a baseline network for the state-supported postsecondary education institutions. Institutions may purchase additional services and bandwidth directly from the Master Agreement with the vendor.
2. Faculty Development is provided in collaboration with one or more institutions to sponsor statewide initiatives. These initiatives serve an agenda-setting function, drawing attention to important dimensions of faculty development linked to system goals.
3. Kentucky Virtual Campus and Virtual Library -- the technology contracts to operate these systems are included in the program.

## Adult Education and Literacy Funding Program

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

## Science and Technology Funding Program

The Science and Technology Funding program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: **the Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, and the **Rural Innovation** program that provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding program provides funding each year for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public

universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

**Regional Stewardship Funding Program** - This program provides financing to the comprehensive postsecondary education institutions to promote regional and statewide economic development, livable communities, and civic participation through public engagement activities initiated by university faculty and staff. The universities design and implement programs that align institutional priorities, resources, and infrastructure to support their missions as stewards of place, and to create partnerships that address regional and state needs.

**Performance Funding** - The Executive Budget includes \$500,000 from the General Fund in each fiscal year to reward the postsecondary education institutions for relative performance.

**Postsecondary Education**  
**Kentucky Higher Education Assistance Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	174,304,900	296,077,800	311,198,200	164,750,300	165,266,300
Continuing Appropriation	745,500	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total General Fund</b>	<b>175,050,400</b>	<b>297,077,800</b>	<b>312,198,200</b>	<b>165,750,300</b>	<b>166,266,300</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	900,000	1,000,000	1,000,000	1,000,000	1,000,000
Continuing Appropriation	208,600				
Other	300,000				
<b>Total Tobacco Settlement-Phase I</b>	<b>1,408,600</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,546,900	560,400	238,200	1,144,500	322,400
Current Receipts	23,667,800	21,747,100	22,305,300	21,770,900	22,230,600
Non-Revenue Receipts	12,396,200	8,101,200	7,737,900	8,719,900	7,665,900
<b>Total Restricted Funds</b>	<b>37,610,900</b>	<b>30,408,700</b>	<b>30,281,400</b>	<b>31,635,300</b>	<b>30,218,900</b>
<b>Federal Funds</b>					
Current Receipts	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
<b>Total Federal Funds</b>	<b>1,568,000</b>	<b>1,568,000</b>	<b>1,568,000</b>	<b>1,568,000</b>	<b>1,568,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>215,637,900</b>	<b>330,054,500</b>	<b>345,047,600</b>	<b>199,953,600</b>	<b>199,053,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,124,600	17,168,600	17,728,400	14,351,900	14,813,200
Operating Expenses	2,683,000	2,674,600	2,674,600	2,674,600	2,674,600
Grants, Loans or Benefits	195,941,200	308,228,800	323,901,900	180,860,400	179,822,400
Debt Service	744,600	744,300	742,700	744,300	742,700
<b>TOTAL EXPENDITURES</b>	<b>213,493,400</b>	<b>328,816,300</b>	<b>345,047,600</b>	<b>198,631,200</b>	<b>198,052,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	174,050,400	296,077,800	312,198,200	164,750,300	165,266,300
Tobacco Settlement-Phase I	1,408,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Funds	36,466,400	30,170,500	30,281,400	31,312,900	30,218,600
Federal Funds	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
<b>TOTAL EXPENDITURES</b>	<b>213,493,400</b>	<b>328,816,300</b>	<b>345,047,600</b>	<b>198,631,200</b>	<b>198,052,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	17,004,500	20,018,100	20,567,800	17,223,100	17,682,800
College Access Program	62,211,000	137,734,900	143,347,100	61,615,500	61,615,500
Work Study Program	850,000	850,000	850,000		
Kentucky Tuition Grant	32,540,300	37,327,400	37,198,400	32,764,600	32,764,600
Teacher Scholarships	2,251,500	2,251,500	2,251,500	2,065,500	2,065,500
Ky National Guard Tuition	4,720,000	22,400	22,400	4,744,500	4,744,500
Osteopathic Medicine Scholarship	1,024,300	854,400	803,200	854,400	854,400
Ky Educational Excellence Scholarships	89,489,300	91,785,500	93,048,400	76,393,700	75,355,700
Early Childhood Development Scholarships	1,701,100	1,299,800	1,299,800	1,292,500	1,292,500
Kentucky's Affordable Prepaid Tuition (KAPT)	547,700	569,400	577,900	547,700	547,700
Robert C Byrd Honors Scholarship	568,000	568,000	568,000	568,000	568,000
Mary Jo Young Scholarship	385,700	385,700	385,700	385,700	385,700
Go Higher Grant Program	200,000	200,000	200,000	176,000	176,000
Pharmacy Scholarship Program			1,000,000		
Student Loan Forgiveness Programs		34,949,200	42,927,400		
<b>TOTAL EXPENDITURES</b>	<b>213,493,400</b>	<b>328,816,300</b>	<b>345,047,600</b>	<b>198,631,200</b>	<b>198,052,900</b>

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Pharmacy Scholarship Program provides tuition equalization awards to eligible students who choose to attend a private Kentucky school of pharmacy located in an Appalachian Regional Commission county. Recipients must agree to provide pharmacy services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

The Go Higher Grant Program provides needs-based scholarships from coal severance dollars to students from coal producing counties to pursue a certificate, diploma, or degree in one of Kentucky's participating public and private colleges, universities, technical colleges and vocational training institutions.

## **Policy**

Included in the General Fund for the College Access Program (CAP) is \$60,262,000 in fiscal year 2009 and in fiscal year 2010, \$60,262,000. Included in the federal funds for CAP is \$1,000,000 in each fiscal year of the 2008-2010 biennium.

Included in the General Fund for the Kentucky Tuition Grant program is \$32,476,200 in each fiscal year of the 2008-2010 biennium.

The KEES program funding is \$76,393,700 in fiscal year 2009 and \$75,355,700 in fiscal year 2010. The lottery dedication statute is suspended so that the need-based student financial aid programs are not reduced.

Included in the General Fund for the Teacher Scholarship Program is \$1,777,100 in each fiscal year of the 2008-2010 biennium, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is \$288,400 in each of the 2008-2010 biennium.

The Executive Budget includes funding for the National Guard Tuition Assistance Program, \$4,744,500 in fiscal year 2009 and \$4,744,500 in fiscal year 2010.

Included in the General Fund for the Osteopathic Medicine Scholarships is \$854,400 in each fiscal year from Coal Severance Tax revenues.

The Early Childhood Development Scholarship program is funded with \$1,000,000 in each fiscal year from Tobacco Settlement funds.

**Postsecondary Education  
Postsecondary Education Institutions**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,110,139,200	1,207,935,900	1,285,502,900	969,875,500	969,906,100
Special Appropriation	2,000,000				
Budget Reduction	-32,521,200				
<b>Total General Fund</b>	<b>1,079,618,000</b>	<b>1,207,935,900</b>	<b>1,285,502,900</b>	<b>969,875,500</b>	<b>969,906,100</b>
<b>Restricted Funds</b>					
Current Receipts	3,021,563,600	3,169,926,400	3,318,643,400	3,029,487,700	3,041,810,200
<b>Total Restricted Funds</b>	<b>3,021,563,600</b>	<b>3,169,926,400</b>	<b>3,318,643,400</b>	<b>3,029,487,700</b>	<b>3,041,810,200</b>
<b>Federal Funds</b>					
Current Receipts	670,354,600	700,325,000	737,019,200	673,736,200	679,266,900
<b>Total Federal Funds</b>	<b>670,354,600</b>	<b>700,325,000</b>	<b>737,019,200</b>	<b>673,736,200</b>	<b>679,266,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,771,536,200</b>	<b>5,078,187,300</b>	<b>5,341,165,500</b>	<b>4,673,099,400</b>	<b>4,690,983,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,542,501,000	2,700,317,900	2,840,917,400	2,484,513,900	2,495,129,900
Operating Expenses	1,479,110,000	1,573,006,300	1,659,145,300	1,449,675,400	1,453,646,600
Grants, Loans or Benefits	509,431,000	541,958,500	572,931,200	494,265,600	497,076,700
Debt Service	82,042,700	94,362,700	95,761,400	91,147,800	91,439,400
Capital Outlay	158,451,500	168,541,900	172,410,200	153,496,700	153,690,600
<b>TOTAL EXPENDITURES</b>	<b>4,771,536,200</b>	<b>5,078,187,300</b>	<b>5,341,165,500</b>	<b>4,673,099,400</b>	<b>4,690,983,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,079,618,000	1,207,935,900	1,285,502,900	969,875,500	969,906,100
Restricted Funds	3,021,563,600	3,169,926,400	3,318,643,400	3,029,487,700	3,041,810,200
Federal Funds	670,354,600	700,325,000	737,019,200	673,736,200	679,266,900
<b>TOTAL EXPENDITURES</b>	<b>4,771,536,200</b>	<b>5,078,187,300</b>	<b>5,341,165,500</b>	<b>4,673,099,400</b>	<b>4,690,983,200</b>
<b>EXPENDITURES BY UNIT</b>					
Eastern Kentucky University	286,668,900	306,038,500	324,327,700	289,081,000	302,534,500
Kentucky State University	63,265,700	66,209,500	67,609,200	60,253,100	60,252,100
Morehead State University	178,994,000	187,031,400	194,128,500	176,719,800	181,014,500
Murray State University	148,823,100	161,154,100	169,235,200	142,467,400	142,467,400
Northern Kentucky University	198,347,000	225,202,100	245,200,000	194,738,200	194,747,700
University of Kentucky	2,062,135,700	2,172,407,000	2,271,547,600	2,026,050,400	2,026,083,700
University of Louisville	862,408,200	908,326,500	946,769,200	848,720,000	848,525,700
Western Kentucky University	312,088,500	338,548,000	357,654,000	303,061,300	303,349,400
Kentucky Community and Technical College System	658,805,100	713,270,200	764,694,100	632,008,200	632,008,200
<b>TOTAL EXPENDITURES</b>	<b>4,771,536,200</b>	<b>5,078,187,300</b>	<b>5,341,165,500</b>	<b>4,673,099,400</b>	<b>4,690,983,200</b>

**Postsecondary Education  
Postsecondary Education Institutions  
Eastern Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	80,230,200	87,222,000	92,077,500	70,264,500	70,284,300
Budget Reduction	-2,392,800				
<b>Total General Fund</b>	<b>77,837,400</b>	<b>87,222,000</b>	<b>92,077,500</b>	<b>70,264,500</b>	<b>70,284,300</b>
<b>Restricted Funds</b>					
Current Receipts	129,181,500	134,387,500	142,755,500	134,387,500	142,755,500
<b>Total Restricted Funds</b>	<b>129,181,500</b>	<b>134,387,500</b>	<b>142,755,500</b>	<b>134,387,500</b>	<b>142,755,500</b>
<b>Federal Funds</b>					
Current Receipts	79,650,000	84,429,000	89,494,700	84,429,000	89,494,700
<b>Total Federal Funds</b>	<b>79,650,000</b>	<b>84,429,000</b>	<b>89,494,700</b>	<b>84,429,000</b>	<b>89,494,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>286,668,900</b>	<b>306,038,500</b>	<b>324,327,700</b>	<b>289,081,000</b>	<b>302,534,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	156,514,000	167,018,100	175,659,500	157,691,300	164,553,900
Operating Expenses	71,934,300	76,545,700	82,647,400	71,898,500	75,593,300
Grants, Loans or Benefits	52,728,300	55,325,400	57,799,900	53,171,400	55,645,900
Debt Service	468,800	2,009,400	2,229,200	2,009,400	2,229,200
Capital Outlay	5,023,500	5,139,900	5,991,700	4,310,400	4,512,200
<b>TOTAL EXPENDITURES</b>	<b>286,668,900</b>	<b>306,038,500</b>	<b>324,327,700</b>	<b>289,081,000</b>	<b>302,534,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	77,837,400	87,222,000	92,077,500	70,264,500	70,284,300
Restricted Funds	129,181,500	134,387,500	142,755,500	134,387,500	142,755,500
Federal Funds	79,650,000	84,429,000	89,494,700	84,429,000	89,494,700
<b>TOTAL EXPENDITURES</b>	<b>286,668,900</b>	<b>306,038,500</b>	<b>324,327,700</b>	<b>289,081,000</b>	<b>302,534,500</b>

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and passed an enabling act permitting the university to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship, and natural areas, using resources such as the Lilley Cornett Woods program. As such, the university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, the workforce, justice and safety, and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

### **Policy**

The Executive Budget includes \$471,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for bond funded capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education  
Postsecondary Education Institutions  
Kentucky State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	28,349,000	30,469,500	31,869,200	24,513,100	24,512,100
Budget Reduction	-823,300				
<b>Total General Fund</b>	<b>27,525,700</b>	<b>30,469,500</b>	<b>31,869,200</b>	<b>24,513,100</b>	<b>24,512,100</b>
<b>Restricted Funds</b>					
Current Receipts	20,520,900	20,520,900	20,520,900	20,520,900	20,520,900
<b>Total Restricted Funds</b>	<b>20,520,900</b>	<b>20,520,900</b>	<b>20,520,900</b>	<b>20,520,900</b>	<b>20,520,900</b>
<b>Federal Funds</b>					
Current Receipts	15,219,100	15,219,100	15,219,100	15,219,100	15,219,100
<b>Total Federal Funds</b>	<b>15,219,100</b>	<b>15,219,100</b>	<b>15,219,100</b>	<b>15,219,100</b>	<b>15,219,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>63,265,700</b>	<b>66,209,500</b>	<b>67,609,200</b>	<b>60,253,100</b>	<b>60,252,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	37,600,600	39,881,900	41,049,100	35,803,500	35,803,500
Operating Expenses	15,490,600	15,890,600	16,125,100	14,686,900	14,687,900
Grants, Loans or Benefits	5,469,200	5,553,800	5,552,800	5,205,700	5,204,700
Debt Service	1,405,100	1,422,800	1,421,800	1,422,800	1,421,800
Capital Outlay	3,300,200	3,460,400	3,460,400	3,134,200	3,134,200
<b>TOTAL EXPENDITURES</b>	<b>63,265,700</b>	<b>66,209,500</b>	<b>67,609,200</b>	<b>60,253,100</b>	<b>60,252,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	27,525,700	30,469,500	31,869,200	24,513,100	24,512,100
Restricted Funds	20,520,900	20,520,900	20,520,900	20,520,900	20,520,900
Federal Funds	15,219,100	15,219,100	15,219,100	15,219,100	15,219,100
<b>TOTAL EXPENDITURES</b>	<b>63,265,700</b>	<b>66,209,500</b>	<b>67,609,200</b>	<b>60,253,100</b>	<b>60,252,100</b>

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's (KSU) goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, master's, and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics, and economics of aquaculture. As such, KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

### **Policy**

The Executive Budget includes \$218,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one-half year's debt service for a capital project in Part II of the Executive Appropriations Act.

**Postsecondary Education  
Postsecondary Education Institutions  
Morehead State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	48,697,600	52,768,200	55,445,800	42,456,600	42,331,800
Budget Reduction	-1,446,100				
<b>Total General Fund</b>	<b>47,251,500</b>	<b>52,768,200</b>	<b>55,445,800</b>	<b>42,456,600</b>	<b>42,331,800</b>
<b>Restricted Funds</b>					
Current Receipts	70,252,400	74,170,500	78,125,000	74,170,500	78,125,000
<b>Total Restricted Funds</b>	<b>70,252,400</b>	<b>74,170,500</b>	<b>78,125,000</b>	<b>74,170,500</b>	<b>78,125,000</b>
<b>Federal Funds</b>					
Current Receipts	61,490,100	60,092,700	60,557,700	60,092,700	60,557,700
<b>Total Federal Funds</b>	<b>61,490,100</b>	<b>60,092,700</b>	<b>60,557,700</b>	<b>60,092,700</b>	<b>60,557,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>178,994,000</b>	<b>187,031,400</b>	<b>194,128,500</b>	<b>176,719,800</b>	<b>181,014,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	78,892,100	85,748,300	92,036,000	79,866,500	83,868,500
Operating Expenses	28,964,800	29,379,400	29,932,800	27,785,400	27,822,100
Grants, Loans or Benefits	59,716,000	59,423,000	59,795,300	57,123,000	57,495,300
Debt Service	4,641,400	5,286,500	5,161,700	5,286,500	5,161,700
Capital Outlay	6,779,700	7,194,200	7,202,700	6,658,400	6,666,900
<b>TOTAL EXPENDITURES</b>	<b>178,994,000</b>	<b>187,031,400</b>	<b>194,128,500</b>	<b>176,719,800</b>	<b>181,014,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	47,251,500	52,768,200	55,445,800	42,456,600	42,331,800
Restricted Funds	70,252,400	74,170,500	78,125,000	74,170,500	78,125,000
Federal Funds	61,490,100	60,092,700	60,557,700	60,092,700	60,557,700
<b>TOTAL EXPENDITURES</b>	<b>178,994,000</b>	<b>187,031,400</b>	<b>194,128,500</b>	<b>176,719,800</b>	<b>181,014,500</b>

Morehead State University (MSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the eastern Kentucky Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the eastern Kentucky Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

### **Policy**

The Executive Budget includes \$112,500 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education  
Postsecondary Education Institutions  
Murray State University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	56,068,700	60,021,900	63,371,600	48,030,900	48,030,900
Budget Reduction	-1,682,100				
<b>Total General Fund</b>	<b>54,386,600</b>	<b>60,021,900</b>	<b>63,371,600</b>	<b>48,030,900</b>	<b>48,030,900</b>
<b>Restricted Funds</b>					
Current Receipts	82,134,500	88,589,400	92,929,200	82,134,500	82,134,500
<b>Total Restricted Funds</b>	<b>82,134,500</b>	<b>88,589,400</b>	<b>92,929,200</b>	<b>82,134,500</b>	<b>82,134,500</b>
<b>Federal Funds</b>					
Current Receipts	12,302,000	12,542,800	12,934,400	12,302,000	12,302,000
<b>Total Federal Funds</b>	<b>12,302,000</b>	<b>12,542,800</b>	<b>12,934,400</b>	<b>12,302,000</b>	<b>12,302,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>148,823,100</b>	<b>161,154,100</b>	<b>169,235,200</b>	<b>142,467,400</b>	<b>142,467,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	96,153,000	102,855,700	108,329,400	91,845,900	91,845,900
Operating Expenses	40,531,900	42,075,500	43,589,800	38,936,700	38,942,600
Grants, Loans or Benefits	6,904,700	6,983,700	6,983,700	6,596,600	6,596,600
Debt Service	1,678,500	4,678,500	5,780,000	1,678,500	1,678,500
Capital Outlay	3,555,000	4,560,700	4,552,300	3,409,700	3,403,800
<b>TOTAL EXPENDITURES</b>	<b>148,823,100</b>	<b>161,154,100</b>	<b>169,235,200</b>	<b>142,467,400</b>	<b>142,467,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	54,386,600	60,021,900	63,371,600	48,030,900	48,030,900
Restricted Funds	82,134,500	88,589,400	92,929,200	82,134,500	82,134,500
Federal Funds	12,302,000	12,542,800	12,934,400	12,302,000	12,302,000
<b>TOTAL EXPENDITURES</b>	<b>148,823,100</b>	<b>161,154,100</b>	<b>169,235,200</b>	<b>142,467,400</b>	<b>142,467,400</b>

Murray State University (MSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and, as such, has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management, the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship, and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies, and other colleges and universities at home and abroad.

Murray State University provides or coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education  
Postsecondary Education Institutions  
Northern Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	55,330,000	63,851,300	69,398,500	50,068,200	50,077,700
Budget Reduction	-1,653,000				
<b>Total General Fund</b>	<b>53,677,000</b>	<b>63,851,300</b>	<b>69,398,500</b>	<b>50,068,200</b>	<b>50,077,700</b>
<b>Restricted Funds</b>					
Current Receipts	130,338,800	145,519,600	157,370,300	130,338,800	130,338,800
<b>Total Restricted Funds</b>	<b>130,338,800</b>	<b>145,519,600</b>	<b>157,370,300</b>	<b>130,338,800</b>	<b>130,338,800</b>
<b>Federal Funds</b>					
Current Receipts	14,331,200	15,831,200	18,431,200	14,331,200	14,331,200
<b>Total Federal Funds</b>	<b>14,331,200</b>	<b>15,831,200</b>	<b>18,431,200</b>	<b>14,331,200</b>	<b>14,331,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>198,347,000</b>	<b>225,202,100</b>	<b>245,200,000</b>	<b>194,738,200</b>	<b>194,747,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	115,951,200	128,994,500	142,072,500	112,251,500	112,251,500
Operating Expenses	42,095,600	49,930,100	53,362,700	40,854,300	40,854,300
Grants, Loans or Benefits	25,265,400	28,083,600	31,083,600	24,449,800	24,449,800
Debt Service	7,883,700	10,500,000	10,509,500	10,261,700	10,271,200
Capital Outlay	7,151,100	7,693,900	8,171,700	6,920,900	6,920,900
<b>TOTAL EXPENDITURES</b>	<b>198,347,000</b>	<b>225,202,100</b>	<b>245,200,000</b>	<b>194,738,200</b>	<b>194,747,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	53,677,000	63,851,300	69,398,500	50,068,200	50,077,700
Restricted Funds	130,338,800	145,519,600	157,370,300	130,338,800	130,338,800
Federal Funds	14,331,200	15,831,200	18,431,200	14,331,200	14,331,200
<b>TOTAL EXPENDITURES</b>	<b>198,347,000</b>	<b>225,202,100</b>	<b>245,200,000</b>	<b>194,738,200</b>	<b>194,747,700</b>

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning, and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management, and civic literacy. Finally, NKU is committed to becoming a center for the performing and visual arts.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**University of Kentucky**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	335,016,500	359,544,800	375,412,800	290,879,100	290,912,400
Special Appropriation	2,000,000				
Budget Reduction	-10,052,100				
<b>Total General Fund</b>	<b>326,964,400</b>	<b>359,544,800</b>	<b>375,412,800</b>	<b>290,879,100</b>	<b>290,912,400</b>
<b>Restricted Funds</b>					
Current Receipts	1,544,842,600	1,613,017,100	1,686,297,400	1,544,842,600	1,544,842,600
<b>Total Restricted Funds</b>	<b>1,544,842,600</b>	<b>1,613,017,100</b>	<b>1,686,297,400</b>	<b>1,544,842,600</b>	<b>1,544,842,600</b>
<b>Federal Funds</b>					
Current Receipts	190,328,700	199,845,100	209,837,400	190,328,700	190,328,700
<b>Total Federal Funds</b>	<b>190,328,700</b>	<b>199,845,100</b>	<b>209,837,400</b>	<b>190,328,700</b>	<b>190,328,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,062,135,700</b>	<b>2,172,407,000</b>	<b>2,271,547,600</b>	<b>2,026,050,400</b>	<b>2,026,083,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,041,988,200	1,097,684,700	1,149,643,300	1,022,178,500	1,022,178,500
Operating Expenses	835,464,200	877,695,800	916,985,200	819,394,000	819,394,000
Grants, Loans or Benefits	87,030,900	94,355,300	101,648,700	85,307,300	85,307,300
Debt Service	36,661,600	39,341,800	39,380,700	39,365,200	39,398,500
Capital Outlay	60,990,800	63,329,400	63,889,700	59,805,400	59,805,400
<b>TOTAL EXPENDITURES</b>	<b>2,062,135,700</b>	<b>2,172,407,000</b>	<b>2,271,547,600</b>	<b>2,026,050,400</b>	<b>2,026,083,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	326,964,400	359,544,800	375,412,800	290,879,100	290,912,400
Restricted Funds	1,544,842,600	1,613,017,100	1,686,297,400	1,544,842,600	1,544,842,600
Federal Funds	190,328,700	199,845,100	209,837,400	190,328,700	190,328,700
<b>TOTAL EXPENDITURES</b>	<b>2,062,135,700</b>	<b>2,172,407,000</b>	<b>2,271,547,600</b>	<b>2,026,050,400</b>	<b>2,026,083,700</b>

The University of Kentucky (UK) is a comprehensive land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

As noted in its Campus Action Plan for 2005-2010, the University of Kentucky's goal, mandated by House Bill 1, is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, master's, and doctoral programs that meet 21<sup>st</sup> century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other

Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities, and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied, and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine, and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top-20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment, and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research, and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

## **Policy**

The Executive Budget includes \$597,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one-half year's debt service for capital projects in Part II of the Executive Appropriations Act.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**University of Louisville**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	191,346,100	207,528,100	220,332,400	172,600,700	172,406,400
Budget Reduction	-5,057,200				
<b>Total General Fund</b>	<b>186,288,900</b>	<b>207,528,100</b>	<b>220,332,400</b>	<b>172,600,700</b>	<b>172,406,400</b>
<b>Restricted Funds</b>					
Current Receipts	560,263,400	581,119,400	602,808,300	560,263,400	560,263,400
<b>Total Restricted Funds</b>	<b>560,263,400</b>	<b>581,119,400</b>	<b>602,808,300</b>	<b>560,263,400</b>	<b>560,263,400</b>
<b>Federal Funds</b>					
Current Receipts	115,855,900	119,679,000	123,628,500	115,855,900	115,855,900
<b>Total Federal Funds</b>	<b>115,855,900</b>	<b>119,679,000</b>	<b>123,628,500</b>	<b>115,855,900</b>	<b>115,855,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>862,408,200</b>	<b>908,326,500</b>	<b>946,769,200</b>	<b>848,720,000</b>	<b>848,525,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	515,722,400	538,995,600	559,197,200	503,782,500	503,533,900
Operating Expenses	234,562,300	255,200,100	273,574,500	233,554,200	233,787,000
Grants, Loans or Benefits	74,175,200	74,615,200	74,615,200	72,508,300	72,473,600
Debt Service	15,222,000	16,652,700	16,519,400	16,652,700	16,519,400
Capital Outlay	22,726,300	22,862,900	22,862,900	22,222,300	22,211,800
<b>TOTAL EXPENDITURES</b>	<b>862,408,200</b>	<b>908,326,500</b>	<b>946,769,200</b>	<b>848,720,000</b>	<b>848,525,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	186,288,900	207,528,100	220,332,400	172,600,700	172,406,400
Restricted Funds	560,263,400	581,119,400	602,808,300	560,263,400	560,263,400
Federal Funds	115,855,900	119,679,000	123,628,500	115,855,900	115,855,900
<b>TOTAL EXPENDITURES</b>	<b>862,408,200</b>	<b>908,326,500</b>	<b>946,769,200</b>	<b>848,720,000</b>	<b>848,525,700</b>

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's goal, mandated by House Bill 1, is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary, and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities, and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive

educational experiences include service learning, international education, opportunities for discovery-based learning, and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions, and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied, and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science, and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

## **Policy**

The Executive Budget includes \$20,246,500 in fiscal year 2008-09 and \$20,204,000 in fiscal year 2009 -10 from the General Fund for the Quality and Charity Care Trust Fund agreement. The fiscal year 2008-09 amount includes \$403,600 to accommodate the underfunding of the amount needed in fiscal year 2007-08.

The Executive Budget includes \$3,245,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education  
Postsecondary Education Institutions  
Western Kentucky University**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	86,396,200	93,360,100	98,372,900	74,815,500	75,103,600
Budget Reduction	-2,553,500				
<b>Total General Fund</b>	<b>83,842,700</b>	<b>93,360,100</b>	<b>98,372,900</b>	<b>74,815,500</b>	<b>75,103,600</b>
<b>Restricted Funds</b>					
Current Receipts	194,521,800	206,289,900	217,857,100	194,521,800	194,521,800
<b>Total Restricted Funds</b>	<b>194,521,800</b>	<b>206,289,900</b>	<b>217,857,100</b>	<b>194,521,800</b>	<b>194,521,800</b>
<b>Federal Funds</b>					
Current Receipts	33,724,000	38,898,000	41,424,000	33,724,000	33,724,000
<b>Total Federal Funds</b>	<b>33,724,000</b>	<b>38,898,000</b>	<b>41,424,000</b>	<b>33,724,000</b>	<b>33,724,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>312,088,500</b>	<b>338,548,000</b>	<b>357,654,000</b>	<b>303,061,300</b>	<b>303,349,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	161,099,300	173,422,100	181,727,700	155,817,900	155,817,900
Operating Expenses	82,992,900	87,601,300	93,323,300	80,565,800	80,565,800
Grants, Loans or Benefits	47,132,300	54,734,800	58,851,800	45,641,500	45,641,500
Debt Service	14,081,600	14,471,000	14,759,100	14,471,000	14,759,100
Capital Outlay	6,782,400	8,318,800	8,992,100	6,565,100	6,565,100
<b>TOTAL EXPENDITURES</b>	<b>312,088,500</b>	<b>338,548,000</b>	<b>357,654,000</b>	<b>303,061,300</b>	<b>303,349,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	83,842,700	93,360,100	98,372,900	74,815,500	75,103,600
Restricted Funds	194,521,800	206,289,900	217,857,100	194,521,800	194,521,800
Federal Funds	33,724,000	38,898,000	41,424,000	33,724,000	33,724,000
<b>TOTAL EXPENDITURES</b>	<b>312,088,500</b>	<b>338,548,000</b>	<b>357,654,000</b>	<b>303,061,300</b>	<b>303,349,400</b>

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

As noted in its Campus Action Plan for 2005-2010, Western Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature, and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality, and applied engineering. As such, Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

### **Policy**

The Executive Budget includes \$857,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for a capital project in Part II of the Executive Appropriations Act.

**Postsecondary Education  
Postsecondary Education Institutions  
Kentucky Community and Technical College System**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	228,704,900	253,170,000	279,222,200	196,246,900	196,246,900
Budget Reduction	-6,861,100				
<b>Total General Fund</b>	<b>221,843,800</b>	<b>253,170,000</b>	<b>279,222,200</b>	<b>196,246,900</b>	<b>196,246,900</b>
<b>Restricted Funds</b>					
Current Receipts	289,507,700	306,312,100	319,979,700	288,307,700	288,307,700
<b>Total Restricted Funds</b>	<b>289,507,700</b>	<b>306,312,100</b>	<b>319,979,700</b>	<b>288,307,700</b>	<b>288,307,700</b>
<b>Federal Funds</b>					
Current Receipts	147,453,600	153,788,100	165,492,200	147,453,600	147,453,600
<b>Total Federal Funds</b>	<b>147,453,600</b>	<b>153,788,100</b>	<b>165,492,200</b>	<b>147,453,600</b>	<b>147,453,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>658,805,100</b>	<b>713,270,200</b>	<b>764,694,100</b>	<b>632,008,200</b>	<b>632,008,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	338,580,200	365,717,000	391,202,700	325,276,300	325,276,300
Operating Expenses	127,073,400	138,687,800	149,604,500	121,999,600	121,999,600
Grants, Loans or Benefits	151,009,000	162,883,700	176,600,200	144,262,000	144,262,000
Capital Outlay	42,142,500	45,981,700	47,286,700	40,470,300	40,470,300
<b>TOTAL EXPENDITURES</b>	<b>658,805,100</b>	<b>713,270,200</b>	<b>764,694,100</b>	<b>632,008,200</b>	<b>632,008,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	221,843,800	253,170,000	279,222,200	196,246,900	196,246,900
Restricted Funds	289,507,700	306,312,100	319,979,700	288,307,700	288,307,700
Federal Funds	147,453,600	153,788,100	165,492,200	147,453,600	147,453,600
<b>TOTAL EXPENDITURES</b>	<b>658,805,100</b>	<b>713,270,200</b>	<b>764,694,100</b>	<b>632,008,200</b>	<b>632,008,200</b>

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. As noted in its Campus Action Plan for 2005-2010, KCTCS's goal, mandated by House Bill 1, is to assure, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

### **Policy**

The Executive Budget includes \$1,516,000 in fiscal year 2010 from the General Fund in the Council on Postsecondary Education's budget for one half-year's debt service for capital projects in Part II of the Executive Appropriations Act.

# Transportation

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**Transportation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,069,100	9,837,900	9,976,000	5,178,200	8,535,200
Continuing Appropriation	3,356,200				
Budget Reduction	-25,600				
Base Deduction	-2,950,000				
<b>Total General Fund</b>	<b>6,449,700</b>	<b>9,837,900</b>	<b>9,976,000</b>	<b>5,178,200</b>	<b>8,535,200</b>
<b>Restricted Funds</b>					
Balance Forward	107,235,200	15,630,900	4,720,200	11,719,800	6,136,900
Current Receipts	112,478,300	100,917,000	102,195,800	104,753,500	106,011,000
Non-Revenue Receipts	291,953,000	-543,000	-543,000	-75,000	-75,000
Fund Transfers	-13,318,000			-5,968,000	-6,825,000
<b>Total Restricted Funds</b>	<b>498,348,500</b>	<b>116,004,900</b>	<b>106,373,000</b>	<b>110,430,300</b>	<b>105,247,900</b>
<b>Federal Funds</b>					
Balance Forward	33,600				
Current Receipts	734,378,100	725,400,800	757,575,700	725,400,800	757,575,700
<b>Total Federal Funds</b>	<b>734,411,700</b>	<b>725,400,800</b>	<b>757,575,700</b>	<b>725,400,800</b>	<b>757,575,700</b>
<b>Road Fund</b>					
Regular Appropriation	1,187,955,400	1,266,372,900	1,348,060,900	1,229,717,900	1,329,921,900
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Other-Road	20,771,400				
<b>Total Road Fund</b>	<b>1,229,988,200</b>	<b>1,266,372,900</b>	<b>1,348,060,900</b>	<b>1,229,717,900</b>	<b>1,329,921,900</b>
<b>Highway Bonds</b>					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
<b>Total Highway Bonds</b>	<b>395,755,300</b>			<b>50,000,000</b>	
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,864,953,400</b>	<b>2,117,616,500</b>	<b>2,221,985,600</b>	<b>2,120,727,200</b>	<b>2,201,280,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	418,049,700	495,021,800	522,992,200	437,612,000	448,052,900
Operating Expenses	226,824,900	232,511,638	227,143,838	242,155,700	257,121,200
Grants, Loans or Benefits	252,142,700	205,130,500	218,919,800	207,489,300	221,799,200
Debt Service	238,525,400	205,565,900	191,003,300	200,140,200	191,145,400
Capital Outlay	12,955,300	3,843,500	3,843,500	4,315,000	4,315,000
Construction	1,704,735,600	970,822,962	1,052,464,262	1,022,878,100	1,071,865,700
<b>TOTAL EXPENDITURES</b>	<b>2,853,233,600</b>	<b>2,112,896,300</b>	<b>2,216,366,900</b>	<b>2,114,590,300</b>	<b>2,194,299,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,449,700	9,837,900	9,976,000	5,178,200	8,535,200
Restricted Funds	486,628,700	111,284,700	100,754,300	104,293,400	98,266,600
Federal Funds	734,411,700	725,400,800	757,575,700	725,400,800	757,575,700
Road Fund	1,229,988,200	1,266,372,900	1,348,060,900	1,229,717,900	1,329,921,900
Highway Bonds	395,755,300			50,000,000	
<b>TOTAL EXPENDITURES</b>	<b>2,853,233,600</b>	<b>2,112,896,300</b>	<b>2,216,366,900</b>	<b>2,114,590,300</b>	<b>2,194,299,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	88,215,600	91,339,900	92,079,200	80,447,300	80,358,400
Aviation	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
Debt Service	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
Highways	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
Public Transportation	46,432,500	38,370,500	38,458,900	35,941,600	35,994,800
Revenue Sharing	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
Vehicle Regulation	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800

**TOTAL EXPENDITURES**

2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
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The Transportation Cabinet, under KRS 12.250, is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources are agency receipts, non-highway federal aid, the state General Fund, and most recently a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage taxes, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service. Organizationally, the agency is divided into five departments and fifteen offices. The departments, each headed by a commissioner directly responsible to the Secretary, are Transportation Safety, Aviation, Vehicle Regulation, Intergovernmental Programs, and Highways. The remaining units are the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office of Legal Services, the Office for Civil Rights and Small Business Development, the Office of Inspector General, the Office of Personnel Management, the Office of Support Services, and the Office of Information Technology. These units are responsible to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery, and the Office of System Preservation and Operations. The Office of Special Programs, the Office of Rural and Secondary Roads, and the Office of Transportation Delivery are responsible to the Commissioner of the Department of Governmental Relations.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. Subsequently, the 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Executive Order 2007-504, dated June 21, 2007 reorganized the Transportation Cabinet to its current organizational structure.

**Policy**

On January 16, 2008, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2008-2010. For fiscal year 2009, the estimate is \$1,324,806,400 and \$1,405,103,400 for fiscal year 2010.

**Transportation  
General Administration and Support**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	34,500	34,500	33,000	34,500	6,100
Current Receipts	28,000	20,500	20,500	20,500	20,500
<b>Total Restricted Funds</b>	<b>62,500</b>	<b>55,000</b>	<b>53,500</b>	<b>55,000</b>	<b>26,600</b>
<b>Federal Funds</b>					
Current Receipts	9,300,000	7,808,300	5,966,500	7,808,300	5,966,500
<b>Total Federal Funds</b>	<b>9,300,000</b>	<b>7,808,300</b>	<b>5,966,500</b>	<b>7,808,300</b>	<b>5,966,500</b>
<b>Road Fund</b>					
Regular Appropriation	78,887,600	83,509,600	86,090,700	72,590,100	74,369,900
<b>Total Road Fund</b>	<b>78,887,600</b>	<b>83,509,600</b>	<b>86,090,700</b>	<b>72,590,100</b>	<b>74,369,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>88,250,100</b>	<b>91,372,900</b>	<b>92,110,700</b>	<b>80,453,400</b>	<b>80,363,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	37,043,200	43,418,300	45,704,000	33,514,900	35,007,300
Operating Expenses	35,708,700	33,934,100	34,268,900	33,577,600	33,877,600
Grants, Loans or Benefits	7,650,600	6,161,500	4,295,600	6,006,500	4,140,600
Debt Service	7,292,500	7,303,200	7,287,900	7,303,300	7,287,900
Capital Outlay	347,800	350,000	350,000	15,000	15,000
Construction	172,800	172,800	172,800	30,000	30,000
<b>TOTAL EXPENDITURES</b>	<b>88,215,600</b>	<b>91,339,900</b>	<b>92,079,200</b>	<b>80,447,300</b>	<b>80,358,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	28,000	22,000	22,000	48,900	22,000
Federal Funds	9,300,000	7,808,300	5,966,500	7,808,300	5,966,500
Road Fund	78,887,600	83,509,600	86,090,700	72,590,100	74,369,900
<b>TOTAL EXPENDITURES</b>	<b>88,215,600</b>	<b>91,339,900</b>	<b>92,079,200</b>	<b>80,447,300</b>	<b>80,358,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration	72,632,200	76,369,900	78,638,900	68,578,300	69,911,500
Transportation Safety	15,583,400	14,970,000	13,440,300	11,869,000	10,446,900
<b>TOTAL EXPENDITURES</b>	<b>88,215,600</b>	<b>91,339,900</b>	<b>92,079,200</b>	<b>80,447,300</b>	<b>80,358,400</b>

The General Administration and Support appropriation unit provides management and administrative capabilities, policymaking, and efficient day-to-day operations. This unit includes the Office of Secretary, the Department of Transportation Safety, and nine offices.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Personnel Management, the Office of Support Services, and the Office of Information Technology. These units provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary the managerial tools necessary to operate the Cabinet. The Office of the Secretary is the central point of contact with the general public and external organizations. The Office of Budget and Fiscal Management manages the planning and use of the Cabinet's financial resources. The Office of Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service.

The Office of Personnel Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Technology is responsible for the technological application development and system support function for the Cabinet.

The Department of Transportation Safety includes Administration, Highway Safety programs, Transportation Security, and Highway Safety Administration. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes. The Administration program is directed by the Commissioner of Transportation Safety to perform the administrative functions of the department and implement policies and programs as set forth by the Secretary. The Highway Safety programs within the Department are charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems. The Highway Security program coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents. The Highway Safety Administration program coordinates the strategic planning of the Cabinet's highway safety efforts.

Executive Order 2007-504, dated June 21, 2007 reorganized the Transportation Cabinet and created the Department of Transportation Safety, the Office Civil Rights and Small Business Development, the Office of Support Services, and the Office of Technology.

**Transportation  
Aviation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	865,700	2,862,200	2,944,400	650,000	650,000
Budget Reduction	-25,600				
<b>Total General Fund</b>	840,100	2,862,200	2,944,400	650,000	650,000
<b>Restricted Funds</b>					
Balance Forward	4,638,800			405,800	145,900
Current Receipts	8,288,300	8,314,000	8,345,000	8,314,000	8,358,900
Non-Revenue Receipts		-468,000	-468,000		
Fund Transfers	-6,918,000			-3,468,000	-3,468,000
<b>Total Restricted Funds</b>	6,009,100	7,846,000	7,877,000	5,251,800	5,036,800
<b>Federal Funds</b>					
Current Receipts	399,400	15,000	15,000	15,000	15,000
<b>Total Federal Funds</b>	399,400	15,000	15,000	15,000	15,000
<b>Road Fund</b>					
Regular Appropriation	4,000,000			3,000,000	3,000,000
<b>Total Road Fund</b>	4,000,000			3,000,000	3,000,000
<b>TOTAL SOURCE OF FUNDS</b>	11,248,600	10,723,200	10,836,400	8,916,800	8,701,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,399,200	3,013,300	3,227,300	2,233,500	2,310,200
Operating Expenses	1,784,200	1,809,800	1,809,800	1,769,800	1,784,800
Grants, Loans or Benefits	6,275,000	4,221,100	4,120,300	4,767,600	4,606,800
Debt Service		1,679,000	1,679,000		
Construction	384,400				
<b>TOTAL EXPENDITURES</b>	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	840,100	2,862,200	2,944,400	650,000	650,000
Restricted Funds	5,603,300	7,846,000	7,877,000	5,105,900	5,036,800
Federal Funds	399,400	15,000	15,000	15,000	15,000
Road Fund	4,000,000			3,000,000	3,000,000
<b>TOTAL EXPENDITURES</b>	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Aviation	8,039,400	7,551,000	7,551,000	6,004,600	5,872,000
Capital City Airport	2,803,400	3,172,200	3,285,400	2,766,300	2,829,800
<b>TOTAL EXPENDITURES</b>	10,842,800	10,723,200	10,836,400	8,770,900	8,701,800

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. Executive Order 2006-682 reorganized the Cabinet's Aviation unit and created the Department of Aviation. Under the reorganization there are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory Program for administrative purposes. The Airport

Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 60 public use airports, including updating and distributing the state aeronautical charts and airport directories. KRS 183.525 provides the funding authority to operate the Commonwealth Aviation division. Since July 2000, the sales and use tax collected from the sale of aviation jet fuel funds the operations of the Commonwealth Aviation division.

The Capital City Airport was reorganized under Executive Order 2007-504 and brought into the Aviation budget unit. Formerly attached to the Department of Military Affairs, the Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to approximately 80 aircraft, including the fleet owned and operated by state government and the Army National Guard located in Frankfort.

### **Policy**

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2008-2010 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may support the administrative and operating costs of the Commonwealth Aviation division.

**Transportation  
Debt Service**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>Total Road Fund</b>	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>TOTAL SOURCE OF FUNDS</b>	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>EXPENDITURES BY CLASS</b>					
Debt Service	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>TOTAL EXPENDITURES</b>	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>TOTAL EXPENDITURES</b>	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000
<b>EXPENDITURES BY UNIT</b>					
Toll Road Lease Rental	80,000				
Resource Recovery Lease Rental	90,000	9,086,300		9,086,400	
Economic Development Lease Rental	180,973,200	139,426,600	134,388,000	139,426,600	136,599,000
<b>TOTAL EXPENDITURES</b>	181,143,200	148,512,900	134,388,000	148,513,000	136,599,000

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System. The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired. The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The Economic Development Road System was established and funded through three series of bond issues: a \$300 million issue sold in 1984; a relatively small sale of \$36.6 million in 1987; and a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are nearly complete. The 1998 General Assembly authorized \$200 million of Economic Development Road Revenue Bonds and the bonds were sold in 1999. The most recent issue was Economic Development Road Bonds authorized by the 2005 Regular Session of the General Assembly and totaled \$450 million. The bond projects associated with the 2005 series were split among two budget units: Highways and Revenue Sharing. Bond funds totaling \$300 million were authorized to support projects in the adopted Six Year Highway Plan, and the remaining \$150 million issue was authorized to support the County Road Aid and Municipal Aid programs. The 2006 Regular Session of the General Assembly authorized an Additional \$350 million in Economic Development Road Bonds. The entire 2006 series were authorized to support projects in the adopted Six Year Highway Plan.

Through lease agreements with the Turnpike Authority of Kentucky, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and most of the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semiannual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

**Policy**

The Debt Service Acceleration Fund account, pursuant to KRS 175.505, is suspended in the Executive Budget during the 2008-2010 biennium. The funding made available by this suspension is directed to be used in the State Funded Construction program.

The Executive Budget provides \$2,210,000 in fiscal year 2010 to pay debt service on \$50 million in Economic Development Highway Bonds supporting the anticipated significant increase in population and corresponding increase in traffic congestion affecting the roads in close proximity to the army base at Fort Knox. A report issued by a Governor's Task Force recommended approximately \$187.5 million for nine different transportation projects in the area. The Governor's recommended budget includes funding to proceed with all preconstruction activities for all nine projects should that be deemed necessary by the Secretary of the Transportation Cabinet. All nine projects are currently included in the Six-Year Highway Plan.

**Transportation  
Highways**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	53,386,100	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	86,397,900	79,076,700	80,181,800	79,076,700	80,181,800
Non-Revenue Receipts	290,000,000				
<b>Total Restricted Funds</b>	429,784,000	81,940,900	83,046,000	81,940,900	83,046,000
<b>Federal Funds</b>					
Current Receipts	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
<b>Total Federal Funds</b>	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
<b>Road Fund</b>					
Regular Appropriation	660,613,200	721,364,900	783,764,800	698,551,400	777,149,700
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
<b>Total Road Fund</b>	681,874,600	721,364,900	783,764,800	698,551,400	777,149,700
<b>Highway Bonds</b>					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
<b>Total Highway Bonds</b>	395,755,300			50,000,000	
<b>TOTAL SOURCE OF FUNDS</b>	2,186,644,500	1,489,334,900	1,586,820,300	1,516,521,400	1,580,205,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	354,382,300	424,287,500	447,993,400	382,634,300	391,035,400
Operating Expenses	173,576,400	171,403,000	171,503,000	181,987,800	202,671,600
Grants, Loans or Benefits	3,879,000	3,547,100	3,547,100	3,389,000	3,389,000
Debt Service	50,089,700	44,323,800	43,901,400	44,323,900	43,901,500
Capital Outlay	12,579,500	3,493,500	3,493,500	4,300,000	4,300,000
Construction	1,589,273,400	839,415,800	913,517,700	897,022,200	932,043,500
<b>TOTAL EXPENDITURES</b>	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	426,919,800	79,076,700	80,181,800	79,076,700	80,181,800
Federal Funds	679,230,600	686,029,100	720,009,500	686,029,100	720,009,500
Road Fund	681,874,600	721,364,900	783,764,800	698,551,400	777,149,700
Highway Bonds	395,755,300			50,000,000	
<b>TOTAL EXPENDITURES</b>	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000
<b>EXPENDITURES BY UNIT</b>					
Research	5,152,000	5,152,000	5,152,000	5,152,000	5,152,000
Construction	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
Maintenance	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
Engineering Administration	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
Planning	15,130,800	15,938,900	16,431,000	16,008,200	16,505,500
Highway Operations	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
Equipment Services	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500
<b>TOTAL EXPENDITURES</b>	2,183,780,300	1,486,470,700	1,583,956,100	1,513,657,200	1,577,341,000

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the

Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

**Transportation  
Highways  
Research**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Current Receipts	3,718,000	3,718,000	3,718,000	3,718,000	3,718,000
<b>Total Federal Funds</b>	<b>3,718,000</b>	<b>3,718,000</b>	<b>3,718,000</b>	<b>3,718,000</b>	<b>3,718,000</b>
<b>Road Fund</b>					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
<b>Total Road Fund</b>	<b>1,434,000</b>	<b>1,434,000</b>	<b>1,434,000</b>	<b>1,434,000</b>	<b>1,434,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,862,000	4,862,000	4,862,000	4,862,000	4,862,000
Operating Expenses	290,000	290,000	290,000	290,000	290,000
<b>TOTAL EXPENDITURES</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	3,718,000	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
<b>TOTAL EXPENDITURES</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>	<b>5,152,000</b>

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation  
Highways  
Construction**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	39,167,300				
Current Receipts	35,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Non-Revenue Receipts	290,000,000				
<b>Total Restricted Funds</b>	364,167,300	24,000,000	24,000,000	24,000,000	24,000,000
<b>Federal Funds</b>					
Current Receipts	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
<b>Total Federal Funds</b>	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
<b>Road Fund</b>					
Regular Appropriation	337,336,400	350,717,300	397,527,700	345,092,800	395,472,200
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
<b>Total Road Fund</b>	358,597,800	350,717,300	397,527,700	345,092,800	395,472,200
<b>Highway Bonds</b>					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
<b>Total Highway Bonds</b>	395,755,300			50,000,000	
<b>TOTAL SOURCE OF FUNDS</b>	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	149,315,600	169,994,800	176,415,700	159,418,000	159,418,000
Operating Expenses	9,546,200	9,203,300	9,203,300	8,766,200	8,766,200
Grants, Loans or Benefits	3,539,100	3,539,100	3,539,100	3,389,000	3,389,000
Debt Service	50,089,700	44,323,800	43,901,400	44,323,900	43,901,500
Construction	1,569,829,800	817,456,300	891,758,200	872,995,700	907,287,500
<b>TOTAL EXPENDITURES</b>	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	364,167,300	24,000,000	24,000,000	24,000,000	24,000,000
Federal Funds	663,800,000	669,800,000	703,290,000	669,800,000	703,290,000
Road Fund	358,597,800	350,717,300	397,527,700	345,092,800	395,472,200
Highway Bonds	395,755,300			50,000,000	
<b>TOTAL EXPENDITURES</b>	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200
<b>EXPENDITURES BY UNIT</b>					
Bond Funded Construction	735,922,600			50,000,000	
State Funded Construction	322,416,200	314,535,700	361,346,100	308,911,200	359,290,600
Federal Funded Construction	723,981,600	729,981,600	763,471,600	729,981,600	763,471,600
<b>TOTAL EXPENDITURES</b>	1,782,320,400	1,044,517,300	1,124,817,700	1,088,892,800	1,122,762,200

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded

Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005 and most recently 2006 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. Over the last two biennia \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds have been appropriated to support interstate projects along I-64, I-75, and I-65. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

## **Policy**

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program authorized by the 2000-2002, 2002-2004, 2004-2006, and most recently the 2006-2008 Appropriations Acts. Since its inception, the Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that project and fund balances are sufficient to satisfy expenditures within the appropriations enacted.

The Executive Budget provides \$50 million in Economic Development Highway Bonds in fiscal year 2009 supporting the anticipated significant increase in population and corresponding increase in traffic congestion affecting the roads in close proximity to the army base at Fort Knox. A report issued by a Governor's Task Force recommended approximately \$187.5 million for nine different transportation projects in the area. The Governor's recommended budget includes funding to proceed with all preconstruction activities for all nine projects should that be deemed necessary by the Secretary of the Transportation Cabinet. All nine projects are currently included in the Six-Year Highway Plan. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service budget unit.

**Transportation  
Highways  
Maintenance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	1,268,600				
Current Receipts	3,154,500	4,043,300	4,043,300	4,043,300	4,043,300
<b>Total Restricted Funds</b>	4,423,100	4,043,300	4,043,300	4,043,300	4,043,300
<b>Road Fund</b>					
Regular Appropriation	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
<b>Total Road Fund</b>	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
<b>TOTAL SOURCE OF FUNDS</b>	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	140,677,500	176,097,300	188,730,600	156,961,000	161,277,200
Operating Expenses	143,631,500	143,824,200	143,924,200	153,937,300	174,621,100
Grants, Loans or Benefits	7,500	1,000	1,000		
Construction	3,144,100	3,345,200	3,145,200	3,145,000	3,145,000
<b>TOTAL EXPENDITURES</b>	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	4,423,100	4,043,300	4,043,300	4,043,300	4,043,300
Road Fund	283,037,500	319,224,400	331,757,700	310,000,000	335,000,000
<b>TOTAL EXPENDITURES</b>	287,460,600	323,267,700	335,801,000	314,043,300	339,043,300

Kentucky has invested approximately \$18 billion in highway infrastructure that comprises right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of System Preservation and Operations administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are set out in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into the following categories:

The Roadway Preservation program maintains 14,662 miles of state primary highways and 12,825 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,487 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest

haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

### **Policy**

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and therefore continues the practice of providing Road Fund support for maintenance materials, roadway safety and maintenance, ditching, roadway striping, signs, bridge materials, contract bridge repairs, traffic signals, and signal system operations. These efforts illustrate the Cabinet's emphasis on keeping the motoring public moving safely and efficiently over the roads of Kentucky.

**Transportation  
Highways  
Engineering Administration**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
<b>Total Road Fund</b>	<b>13,922,200</b>	<b>19,643,100</b>	<b>20,703,900</b>	<b>16,336,700</b>	<b>18,772,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,922,200</b>	<b>19,643,100</b>	<b>20,703,900</b>	<b>16,336,700</b>	<b>18,772,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	13,672,600	17,312,900	18,373,700	14,275,100	16,710,600
Operating Expenses	1,783,700	1,856,700	1,856,700	1,761,600	1,761,600
Grants, Loans or Benefits	326,400	1,000	1,000		
Capital Outlay	400,000	400,000	400,000	300,000	300,000
Construction	-2,260,500	72,500	72,500		
<b>TOTAL EXPENDITURES</b>	<b>13,922,200</b>	<b>19,643,100</b>	<b>20,703,900</b>	<b>16,336,700</b>	<b>18,772,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	13,922,200	19,643,100	20,703,900	16,336,700	18,772,200
<b>TOTAL EXPENDITURES</b>	<b>13,922,200</b>	<b>19,643,100</b>	<b>20,703,900</b>	<b>16,336,700</b>	<b>18,772,200</b>

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right of Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Highway Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Program Performance is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

**Transportation  
Highways  
Planning**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Current Receipts	11,712,600	12,511,100	13,001,500	12,511,100	13,001,500
<b>Total Federal Funds</b>	<b>11,712,600</b>	<b>12,511,100</b>	<b>13,001,500</b>	<b>12,511,100</b>	<b>13,001,500</b>
<b>Road Fund</b>					
Regular Appropriation	3,418,200	3,427,800	3,429,500	3,497,100	3,504,000
<b>Total Road Fund</b>	<b>3,418,200</b>	<b>3,427,800</b>	<b>3,429,500</b>	<b>3,497,100</b>	<b>3,504,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,130,800</b>	<b>15,938,900</b>	<b>16,431,000</b>	<b>16,008,200</b>	<b>16,505,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,344,100	15,138,100	15,630,200	15,207,400	15,704,700
Operating Expenses	786,700	800,800	800,800	800,800	800,800
<b>TOTAL EXPENDITURES</b>	<b>15,130,800</b>	<b>15,938,900</b>	<b>16,431,000</b>	<b>16,008,200</b>	<b>16,505,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	11,712,600	12,511,100	13,001,500	12,511,100	13,001,500
Road Fund	3,418,200	3,427,800	3,429,500	3,497,100	3,504,000
<b>TOTAL EXPENDITURES</b>	<b>15,130,800</b>	<b>15,938,900</b>	<b>16,431,000</b>	<b>16,008,200</b>	<b>16,505,500</b>

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation  
Highways  
Highway Operations**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
<b>Total Road Fund</b>	<b>21,464,900</b>	<b>26,918,300</b>	<b>28,912,000</b>	<b>22,190,800</b>	<b>22,967,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,464,900</b>	<b>26,918,300</b>	<b>28,912,000</b>	<b>22,190,800</b>	<b>22,967,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	19,932,000	26,540,500	28,534,200	20,809,300	21,585,800
Operating Expenses	1,532,900	377,800	377,800	1,381,500	1,381,500
<b>TOTAL EXPENDITURES</b>	<b>21,464,900</b>	<b>26,918,300</b>	<b>28,912,000</b>	<b>22,190,800</b>	<b>22,967,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	21,464,900	26,918,300	28,912,000	22,190,800	22,967,300
<b>TOTAL EXPENDITURES</b>	<b>21,464,900</b>	<b>26,918,300</b>	<b>28,912,000</b>	<b>22,190,800</b>	<b>22,967,300</b>

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways administers the Department, which governs the State Highway Engineer's Office, three offices which include 13 divisions, and 12 district offices. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

**Transportation  
Highways  
Equipment Services**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	12,950,200	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	48,243,400	51,033,400	52,138,500	51,033,400	52,138,500
<b>Total Restricted Funds</b>	<b>61,193,600</b>	<b>53,897,600</b>	<b>55,002,700</b>	<b>53,897,600</b>	<b>55,002,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>61,193,600</b>	<b>53,897,600</b>	<b>55,002,700</b>	<b>53,897,600</b>	<b>55,002,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	11,578,500	14,341,900	15,447,000	11,101,500	11,477,100
Operating Expenses	16,005,400	15,050,200	15,050,200	15,050,400	15,050,400
Grants, Loans or Benefits	6,000	6,000	6,000		
Capital Outlay	12,179,500	3,093,500	3,093,500	4,000,000	4,000,000
Construction	18,560,000	18,541,800	18,541,800	20,881,500	21,611,000
<b>TOTAL EXPENDITURES</b>	<b>58,329,400</b>	<b>51,033,400</b>	<b>52,138,500</b>	<b>51,033,400</b>	<b>52,138,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	58,329,400	51,033,400	52,138,500	51,033,400	52,138,500
<b>TOTAL EXPENDITURES</b>	<b>58,329,400</b>	<b>51,033,400</b>	<b>52,138,500</b>	<b>51,033,400</b>	<b>52,138,500</b>

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

**Transportation  
Public Transportation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,203,400	6,828,600	6,828,600	4,528,200	4,528,200
Continuing Appropriation	3,356,200				
Base Deduction	-2,950,000				
<b>Total General Fund</b>	<b>5,609,600</b>	<b>6,828,600</b>	<b>6,828,600</b>	<b>4,528,200</b>	<b>4,528,200</b>
<b>Restricted Funds</b>					
Current Receipts	555,700	634,100	686,200	505,600	522,500
<b>Total Restricted Funds</b>	<b>555,700</b>	<b>634,100</b>	<b>686,200</b>	<b>505,600</b>	<b>522,500</b>
<b>Federal Funds</b>					
Balance Forward	33,600				
Current Receipts	40,233,600	30,907,800	30,944,100	30,907,800	30,944,100
<b>Total Federal Funds</b>	<b>40,267,200</b>	<b>30,907,800</b>	<b>30,944,100</b>	<b>30,907,800</b>	<b>30,944,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>46,432,500</b>	<b>38,370,500</b>	<b>38,458,900</b>	<b>35,941,600</b>	<b>35,994,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,412,600	1,666,300	1,754,700	1,255,500	1,281,900
Operating Expenses	253,900	172,600	172,600	125,300	125,300
Grants, Loans or Benefits	44,766,000	36,531,600	36,531,600	34,560,800	34,587,600
<b>TOTAL EXPENDITURES</b>	<b>46,432,500</b>	<b>38,370,500</b>	<b>38,458,900</b>	<b>35,941,600</b>	<b>35,994,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,609,600	6,828,600	6,828,600	4,528,200	4,528,200
Restricted Funds	555,700	634,100	686,200	505,600	522,500
Federal Funds	40,267,200	30,907,800	30,944,100	30,907,800	30,944,100
<b>TOTAL EXPENDITURES</b>	<b>46,432,500</b>	<b>38,370,500</b>	<b>38,458,900</b>	<b>35,941,600</b>	<b>35,994,800</b>
<b>EXPENDITURES BY UNIT</b>					
Public Transportation	45,394,000	37,253,600	37,289,900	35,011,200	35,047,500
Multi-Modal Transportation	482,800	482,800	482,800	424,800	424,800
Human Services Delivery	555,700	634,100	686,200	505,600	522,500
<b>TOTAL EXPENDITURES</b>	<b>46,432,500</b>	<b>38,370,500</b>	<b>38,458,900</b>	<b>35,941,600</b>	<b>35,994,800</b>

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund, Restricted Funds, and local matching funds, allow public transit authorities to acquire buses and vans.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership of the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

**Policy**

The Executive Budget provides for the use of Toll Credits to be used by the Public Transportation unit and public transit authorities as the match for federal funds. The Executive Budget holds harmless the funding supporting the Non-Public School Transportation program. Due to the timing of historical payments to eligible participating schools \$2,950,000 in General Fund support will be provided in both fiscal year 2009 and fiscal year 2010. In fiscal year 2008, \$2,950,000 shall lapse to the credit of the General Fund.

**Transportation  
Revenue Sharing**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	42,719,100				
<b>Total Restricted Funds</b>	42,719,100				
<b>Road Fund</b>					
Regular Appropriation	245,076,700	287,956,500	317,240,700	287,800,600	318,180,600
Other-Road	20,771,400				
<b>Total Road Fund</b>	265,848,100	287,956,500	317,240,700	287,800,600	318,180,600
<b>TOTAL SOURCE OF FUNDS</b>	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,139,700	3,986,600	4,142,300	3,396,400	3,422,000
Operating Expenses	3,950,400	3,902,438	3,902,438	3,896,000	3,891,200
Grants, Loans or Benefits	185,572,100	154,669,200	170,425,200	154,682,300	171,075,200
Construction	114,905,000	125,398,262	138,770,762	125,825,900	139,792,200
<b>TOTAL EXPENDITURES</b>	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	42,719,100				
Road Fund	265,848,100	287,956,500	317,240,700	287,800,600	318,180,600
<b>TOTAL EXPENDITURES</b>	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600
<b>EXPENDITURES BY UNIT</b>					
County Road Aid	116,853,500	108,609,100	119,698,900	108,618,300	120,156,400
Rural Secondary	121,683,300	131,755,400	145,208,600	131,766,500	145,763,600
Municipal Aid	68,377,400	45,698,900	50,365,100	45,702,800	50,557,600
Energy Recovery	853,000	903,000	903,000	913,000	903,000
Special Programs	800,000	990,100	1,065,100	800,000	800,000
<b>TOTAL EXPENDITURES</b>	308,567,200	287,956,500	317,240,700	287,800,600	318,180,600

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410-179.415; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365; the Energy Recovery Road Fund program, authorized by KRS 177.977-177.990; and the Department of Governmental Relations. The department contains three offices: the Office of Special Programs, the Office of Rural and Secondary Roads, and the Office of Transportation Delivery. The Kentucky Bicycle and Bikeway Commission is attached to the department for administrative purposes. It must be noted that for budgetary purposes, the Office of Transportation Delivery is connected to the Public Transportation appropriation unit. Funding for each program is based on the amount of certain taxes or fees collected.

The County Road Aid program and Rural Secondary Aid program receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections. The County Road Aid program includes all of Kentucky's counties, municipalities, and qualified unincorporated urban areas. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections. These funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Department of Intergovernmental Relations coordinates three federally funded transportation improvement programs: Transportation Enhancements, Safe Routes to School, and the Transportation Congestion Mitigation and Air Quality program. These related programs are designed to strengthen the cultural, aesthetic, historic, and environmental aspects of Kentucky's transportation infrastructure.

Executive Order 2007-504, dated June 21, 2007 created the Department of Intergovernmental Relations.

### **Policy**

Pursuant to KRS 138.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax shall be excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program) and KRS 177.320(2) (the County Road Aid program) and 177.365 (the Municipal Road Aid program).

**Transportation  
Vehicle Regulation**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		147,100	203,000		3,357,000
<b>Total General Fund</b>		147,100	203,000		3,357,000
<b>Restricted Funds</b>					
Balance Forward	6,456,700	12,732,200	1,823,000	8,415,300	3,120,700
Current Receipts	17,208,400	12,871,700	12,962,300	16,836,700	16,927,300
Non-Revenue Receipts	1,953,000	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-6,400,000			-2,500,000	-3,357,000
<b>Total Restricted Funds</b>	19,218,100	25,528,900	14,710,300	22,677,000	16,616,000
<b>Federal Funds</b>					
Current Receipts	5,214,500	640,600	640,600	640,600	640,600
<b>Total Federal Funds</b>	5,214,500	640,600	640,600	640,600	640,600
<b>Road Fund</b>					
Regular Appropriation	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
<b>Total Road Fund</b>	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
<b>TOTAL SOURCE OF FUNDS</b>	42,667,300	51,345,600	42,130,600	42,580,400	41,236,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	18,672,700	18,649,800	20,170,500	14,577,400	14,996,100
Operating Expenses	11,551,300	21,289,700	15,487,100	20,799,200	14,770,700
Grants, Loans or Benefits	4,000,000			4,083,100	4,000,000
Debt Service		3,747,000	3,747,000		3,357,000
Capital Outlay	28,000				
Construction		5,836,100	3,000		
<b>TOTAL EXPENDITURES</b>	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		147,100	203,000		3,357,000
Restricted Funds	10,802,800	23,705,900	11,987,300	19,556,300	12,503,500
Federal Funds	5,214,500	640,600	640,600	640,600	640,600
Road Fund	18,234,700	25,029,000	26,576,700	19,262,800	20,622,700
<b>TOTAL EXPENDITURES</b>	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800
<b>EXPENDITURES BY UNIT</b>					
Commissioner	2,460,800	2,532,500	2,623,300	2,296,200	2,326,500
Drivers Licensing	13,933,900	14,118,000	14,616,800	10,570,600	10,741,700
Motor Carriers	2,827,600	3,841,000	4,466,700	2,866,800	2,968,200
Motor Vehicle Licensing	13,979,700	27,834,000	16,447,800	22,819,400	20,164,200
Motor Vehicle Commission	1,050,000	1,197,100	1,253,000	906,700	923,200
<b>TOTAL EXPENDITURES</b>	34,252,000	49,522,600	39,407,600	39,459,700	37,123,800

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also administratively attached to the Department.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers. In accordance with KRS Chapter 281, the Division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations. Pursuant to KRS 177.9771, the Motor Carrier Division administers the extended weight decal program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240 (3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

## **Policy**

The Executive Budget recommends a \$25 million information technology capital project to replace the AVIS System. The AVIS System is currently an antiquated mainframe system placed in service in the 1980s. The new AVIS System will be the companion tool for tracking vehicle information for the Division of Motor Vehicle Licensing and county court clerks throughout the state. The 2006 Regular Session of the General Assembly amended KRS 186.040 to allow the county clerks to collect an additional \$3 for each motor vehicle licensed in Kentucky. One of these dollars is dedicated to replacing the current AVIS System. The Governor's budget recommendation proposes to issue General Fund bonds to replace AVIS and use the annually recurring revenue stream to transfer to the General Fund to pay the debt service on the proposed bonds. General Fund debt service totaling \$3,357,000 is provided in fiscal year 2010 for the \$25 million in bonds.

# Statewide

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**Statewide  
Budget Reserve Trust Fund**

<b>SOURCE OF FUNDS</b>	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>General Fund</b>					
Continuing Appropriation	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000
<b>Total General Fund</b>	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000
<b>TOTAL SOURCE OF FUNDS</b>	231,489,700	231,489,700	231,489,700	214,775,400	25,000,000

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

The balance of the Budget Reserve Trust Fund at the end of fiscal year 2007 was \$231,489,700.

**Policy**

House Bill 380, the 2006-08 budget Act, as modified by House Bill 557 from the 2006 General Assembly, decreased the Budget Reserve Trust Fund by \$27,290,300 in fiscal year 2008, making that amount available for appropriations elsewhere. This budgeted use of the Budget Reserve Trust Fund was lessened as a result of vetoes made to House Bill 380, requiring that only \$16,714,300 be made available for appropriations from the Fund. This brings the balance of the Fund to \$214,775,400.

The Executive Budget draws down the Budget Reserve Trust Fund in fiscal year 2009-10 by \$189,775,400 to a balance of \$25,000,000. The unprecedented fiscal situation facing the Commonwealth requires the use of this resource to sustain critical spending areas.

The General Fund Surplus Expenditure Plan provides for the prospect of additional deposits to the Budget Reserve Trust Fund should the Commonwealth enjoy any undesignated General Fund balances at the end of fiscal years 2007-08 and 2008-09.